

# Purchasing and Procurement 101

## Module 4

### Participant Workbook

#### **Purchasing and Procurement Processes**

Current Version	4/30/2015
Original Version	2/08/2015

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## Slide 1 Purchasing and Procurement Processes – Module 4

# PURCHASING AND PROCUREMENT 101 – MODULE 4

Purchasing and Procurement Processes

In order to receive credit for this course, you will need to score 80% or higher on the module assessment. The assessment will begin at the end of this module. Once you have successfully completed all four modules and assessments, you will receive a Purchasing and Procurement 101 certificate of completion.

Also included in the training course are knowledge checks. These are not graded, they are simply used to test your knowledge of the materials in the course.

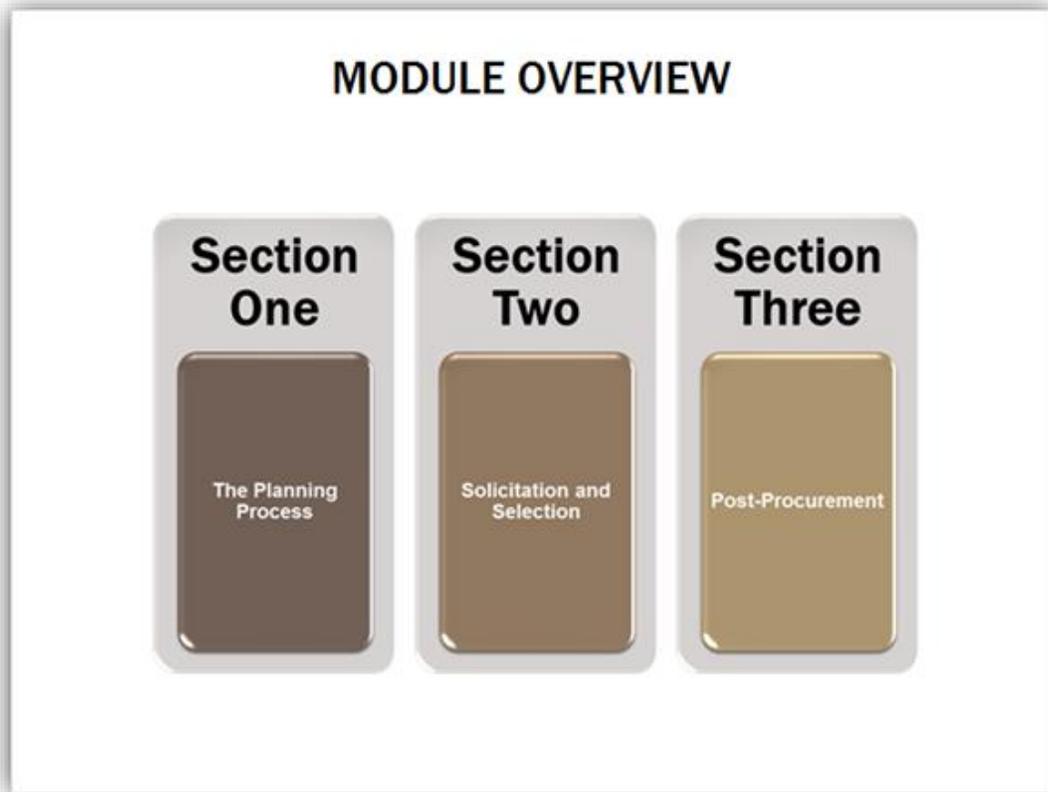
We strongly recommend you print the workbook for the course. As you proceed through the training, use the workbook to write down any notes and/or questions you might have.

The workbook can be accessed at <http://des.wa.gov/about/pi/ProcurementReform/Pages/PRTraining.aspx> -or - simply click “Workbook” on the top right corner of the screen. Click on the workbook to download it to your desktop.

**Disclaimer:**

At the time of publication in January 2015, all materials and RCWs referenced are current. Updated course work will be made available if and when revisions are needed. As always, confirm current RCW references.

**Slide 3 Module Overview**



**Module Overview-** This Module will be covered in three sections as seen on this slide.

- The Planning Process
- Solicitation and Selection
- Post-Procurement

These topics (listed here) are intended to take you through the objectives for this module.

For purposes of this training course, the laws and policies discussed are those of the state and individual agencies and do not reflect federal requirements. Federal requirements tend to be more restrictive and may apply if using federal funds.

## Slide 4 Learning Objectives

### LEARNING OBJECTIVES

By the end of this course,  
you will be able to:

- Identify purchasing and procurement needs and outcomes
- Describe the importance of communicating need within the agency
- Identify scope, timeline, requirements and vendors as part of the planning process
- Discuss how to evaluate and select a vendor
- Apply the purchasing and procurement planning phases



### Learning Objectives

As a result of this training participants will be able to:

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- Describe the importance of communicating need within the agency
- Identify scope, timeline, requirements and vendors as part of the planning process
- Discuss how to evaluate and select a vendor
- Apply the purchasing and procurement planning phases

## Slide 5 The Planning Process

# THE PLANNING PROCESS

- ✓ Identify the Need and Outcomes
- ✓ Communicate Need Within Agency
- ✓ Identify Scope, Timeline and Requirements
- ✓ Identify Vendors
- ✓ Define Scope and/or Statement of Work

**Section One** - The Planning Process will cover the following topics:

- Identify the Need and Outcomes
- Communicate Need Within Agency
- Identify Scope and Overall Contract Length
- Identify Vendors
- Define Scope and/or Statement of Work

Notes

**Slide 6 Collaboration and Planning**



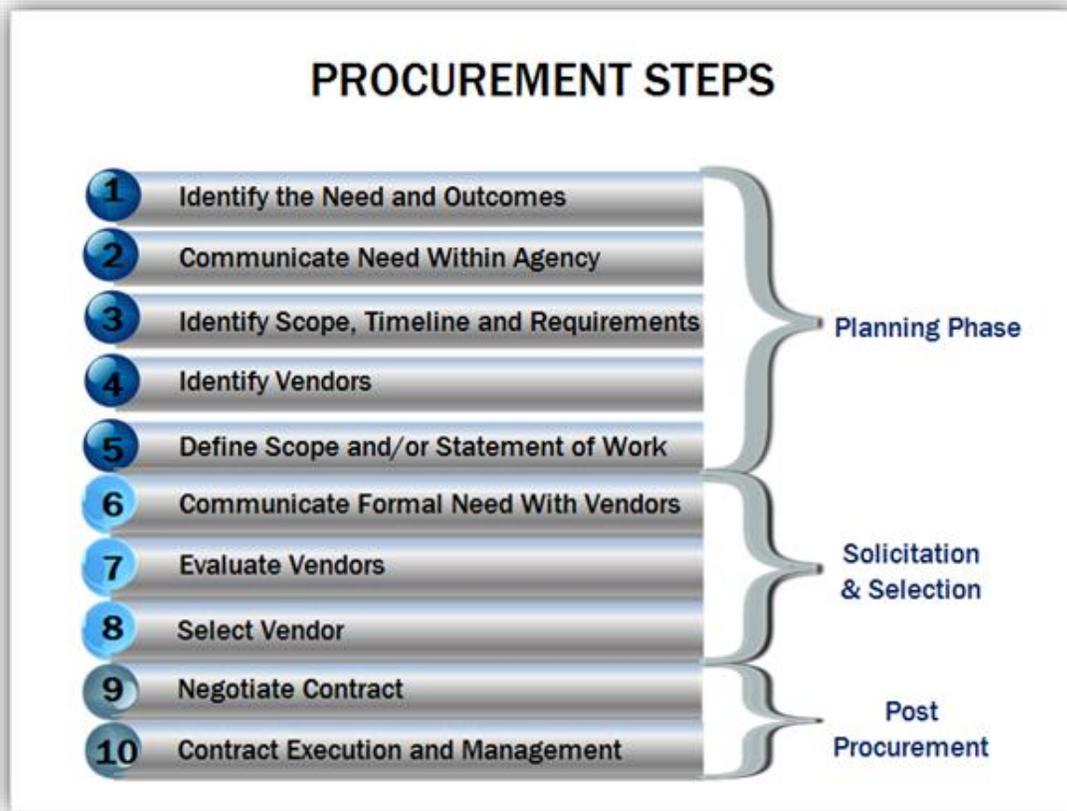
**Collaboration and planning is what Procurement Reform is all about!**

- As the procurement professional, involve yourself with business owners, subject matter experts (SMEs) and stakeholders early in the procurement process. The primary purpose to include subject matter experts is that they can help to clearly define the requirements or the scope and initial statement of work for the project. Work with your agency management to help them understand the benefit of your early involvement in the procurement process.

Planning matters! Think ahead about what you will need in the future, and what can go wrong! It's important to build time into your overall schedule to allow for collaboration and communication as part of planning, and throughout the steps of the process.

Notes

Slide 7 Procurement Steps



As a review from Module 2 of this course, please note that we have broken these steps into three Purchasing and Procurement Planning Phases: 1<sup>st</sup>, planning phase, 2<sup>nd</sup>, solicitation and selection, 3<sup>rd</sup>, post procurement. Let's begin with the planning phase.

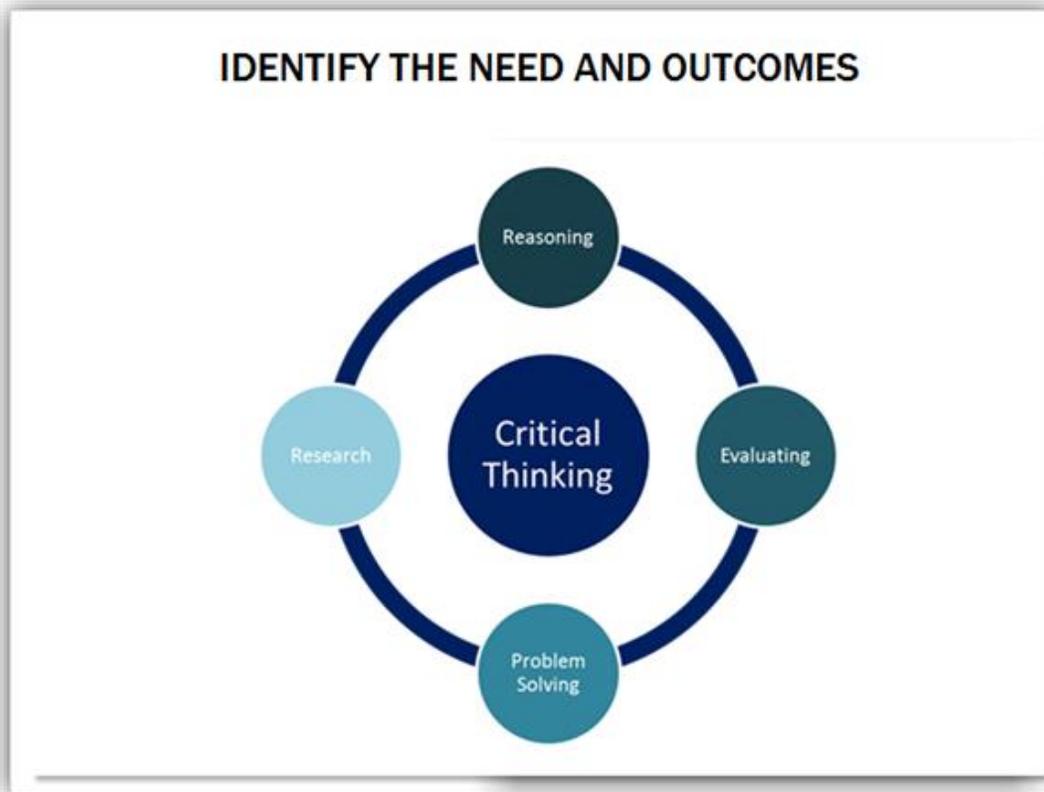
Start with the Pre-planning (steps 1-5) needed to establish a good foundation for the procurement. These steps involve initiating the project internally and defining the scope for the procurement.

Then move to the actual Solicitation and Selection Process (steps 6-8) where the selection of a vendor takes place.

Finally, the Post-Procurement phase (steps 9-10) leading to the management of the contract for the goods or services procured.

Notes

**Slide 8 Identify the Need and Outcomes**



**Why does your agency purchase goods and services?**

ANSWER: You buy to fulfill a need. This need can arise from a variety of situations or reasons:

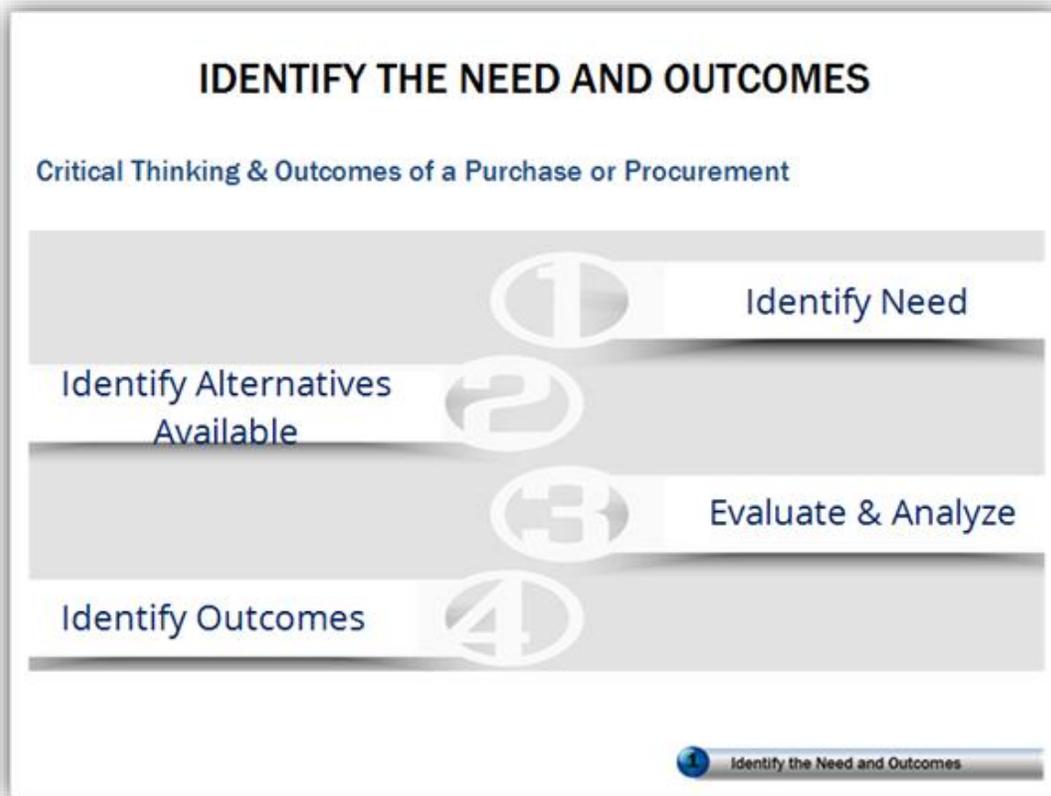
1. Your agency uses goods or services to perform daily operations
2. Your agency uses systems to perform internal operations or to support its primary functions
3. Your agency requires services to support essential programs and support the mission of your agency.
4. Your agency does not have the internal expertise or can't perform functions as efficiently or effectively

The Needs Analysis process demonstrates that a purchase is needed and that it supports the mission of the agency. This step defines the need by clarifying what is going to be purchased and how it will satisfy the agency's need through critical thinking.

It's important to use your critical thinking skills in this step of the process to connect your need to what outcome you'd like to see, as well as effectively brainstorming the alternatives and evaluating those alternatives.

Notes

**Slide 9 Identify the Need and Outcomes**



The overall goal of procurement reform is to provide processes and standards that give agencies the flexibility to right-size procurements and only perform the steps that are necessary, and add value, while working within statute and policy.

Critical Thinking and Outcomes of a Purchase or Procurement - Step 1 include the development of the following:

- 1.the identified needs
- 2.the alternatives that were analyzed (and why some alternatives were not chosen)
- 3.the procurement method chosen and why
- 4.the outcomes expected from the purchase or procurement.

Example - you may determine through this process that it's best to do a sole source procurement rather than a competitive process. Taking these four steps means that you are able to fully justify your decision. Also, it allows you to check whether a Master Contract was available and if so, did it meet your needs.

It's important to use your critical thinking skills to connect your need to what outcome you'd like to see, as well as effectively brainstorming the alternatives and evaluating those alternatives.

These four steps are critical to ensure decision-making is documented and reasoning for the purchase is justified to both internal and external stakeholders. The result of the needs assessment is the identification of the high-level scope of the project and timeline for the procurement.

Notes

**Slide 10 Communicate Agency Need**



1. Initiate planning process based on need
2. Engage subject matter experts along with business owner/contract manager, and other stakeholders
3. Conduct independent research - talk to others who have done similar procurements, Google it!, etc.
4. Determine checkpoints and delegated authority.

Now, we'll discuss each of these sub-steps:

**1. The Intake Process kicks-off the procurement process:**

- Many agencies use an intake process to begin a procurement
- Intake will be different for each agency depending on their organization - centralized, decentralized or hybrid.
- Check with your agency policies and processes to determine what initiates a procurement

- Example: DES uses an Intake Form for internal procurements. The form is completed by the business owner or contract manager with a description of what the procurement is for, when it is required, funding, etc. It is signed by the appropriate Assistant Director or designee which indicates management approval and support for the procurement. The procurement is assigned to a contract consultant who then starts to form the procurement team.

Types of Pre-Qualified Vendor options:

- Master Contract
- Qualified Cooperative Purchasing Agreement
- Convenience Contract

If these are not available, proceed with a competitive procurement.

**2. Engage Subject Matter Experts (SMEs) and Business Owner/Contract Manager and other stakeholders:**

- The team will provide input on requirements and scope and/or statement of work for the procurement.
- SME's can build momentum for early stakeholder involvement and buy-in. They can help you validate the need to management and other approvers.

**3. Conduct Research:**

- Conduct independent research on procurement options to determine if a competitive or sole source procurement is appropriate. (Are there a limited number of vendors available to do the work, does the work require skills that are not readily available?)
  - Market research for a sole source procurement should be conducted to conclude that alternative sources were inappropriate or unavailable as part of the justification.
- Research is very helpful in defining your procurement/purchasing approach.

**4. Checkpoints and Delegated Authority:**

Be sure to split step four in to the two options, one direction for purchasing and one direction for procuring.

**If Procuring:**

- Plan for your outcomes and objectives from Step One
- Research procurement options
- Determine if competitive or sole source
- Start process with appropriate form or process for your agency

- Outcome: Initiate purchase order or contract within procurement limits

**If purchasing:**

- Initiate purchase order within purchasing limits or direct buy contract.

Notes

**Slide 11 Identify Scope, Requirements and Timeline**

**IDENTIFY SCOPE, REQUIREMENTS AND TIMELINE**

Identify and define the scope and overall contract timeline



What are the tasks and resources needed?

Do we have all of the information we need?

**2** Communicate Need Within Agency

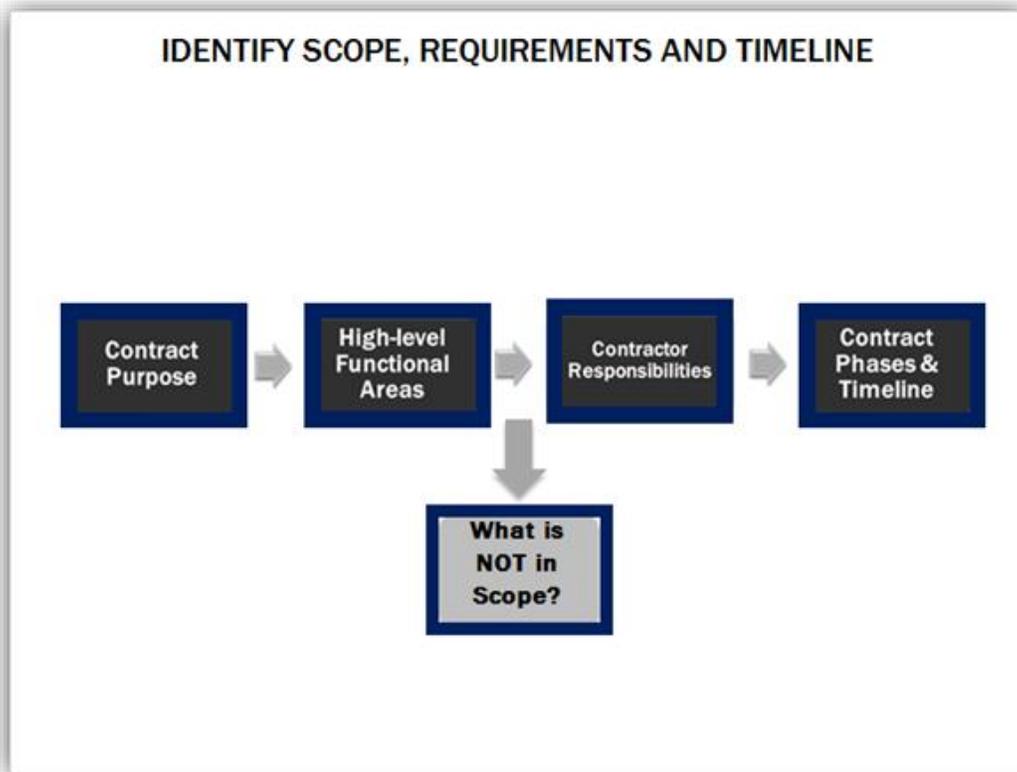
**Identify the scope and overall timeline for the contract:**

Defining the high-level functions included in procurement, high-level project scope, requirements and timeline are needed to ensure:

- An agency thinks through the work breakdown structure (the tasks and resources needed) and;
- An agency has all the information it needs to describe the best solution (service or product) to meet project needs.

Notes

**Slide 12 Identify Scope, Requirements and Timeline**



Consider the project components shown in the slide as you are defining the scope i.e., the extent of your business/operation/product or service needs that is included in this procurement.

1. Contract Purpose
2. High-level Functional Areas that are in scope - It's just as important to identify what's not in scope.
3. Contractor Responsibilities - It is important to include scope of contractor responsibilities, the primary functional areas the contractor will be responsible for providing services and/or products/solutions
4. Contract Phases/timeline - You need to plan for appropriate resources for the entire period of performance of the contract

All of these decisions are made with your team - contract manager/business owner, SMEs and necessary stakeholders.

Notes

**Slide 13 Identify Scope, Requirements and Timeline**

The slide is titled "IDENTIFY SCOPE, REQUIREMENTS AND TIMELINE" and contains four tips presented in colored boxes with a folded corner effect:

- Tip #1** (Dark Teal): Don't make the specifications more strict than they need to be.
- Tip #2** (Medium Teal): Ensure you include enough requirement details.
- Tip #3** (Dark Blue): Avoid requirements that exclude otherwise acceptable vendors.
- Tip #4** (Light Teal): Don't include outdated or obsolete specifications.

Common pitfalls when writing scope of work or requirements.

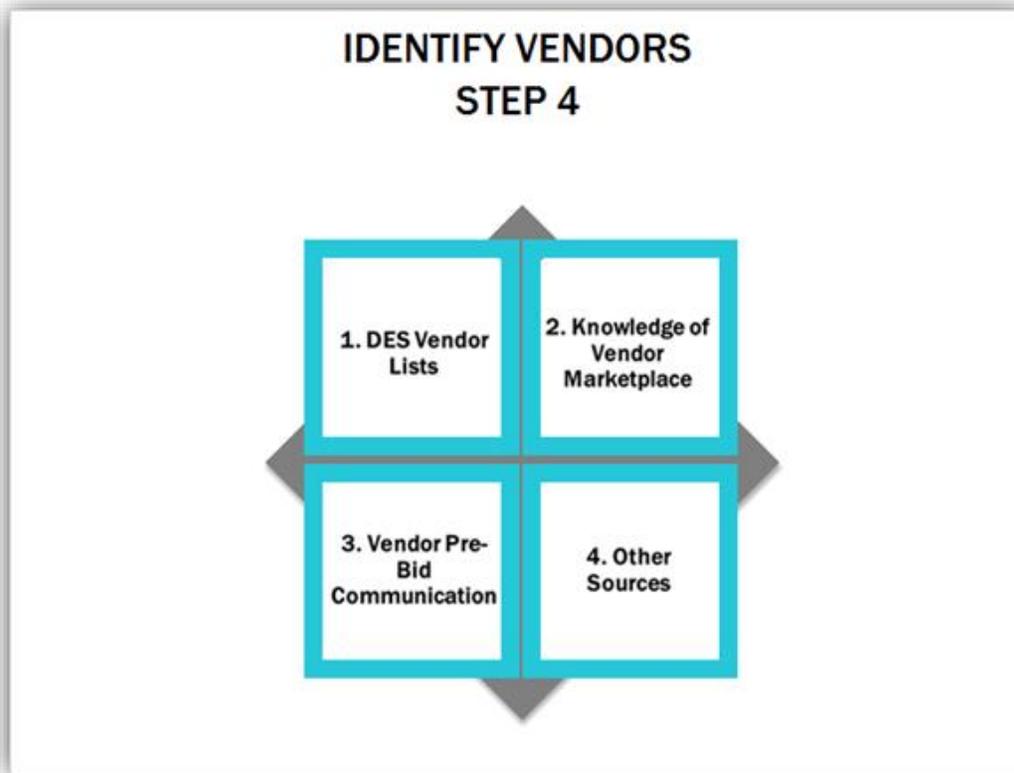
**Here are 4 tips:**

1. Specifications can be more strict than they need to be. This often results in less competition and higher costs.
2. Not enough requirement details - Under-specification typically results in continual quality problems. Items may meet specifications but do not work in the desired application.
3. "Wired" Requirements- Requirements that exclude otherwise acceptable vendors, which may increase the agency's costs.
4. Outdated or Obsolete - Specs that worked in the past may not necessarily work in the present or future. A variety of things can change, from the availability of new materials, to government regulations, to the end product in which a component is installed. Therefore, re-used specifications should always be reviewed for current relevance prior to release. - Don't just dust off the last RFP from 10 years ago.

For more on this topic see SCOPE OF WORK CONSIDERATIONS in your workbook. Use this as a guide when writing a scope of work which will be included in your competitive procurement document.

Notes

**Slide 14 Identify Vendors**



During Step 4, the Agency will identify the vendors that can provide the goods or services to them. Often, vendors can be found in these four areas:

1. DES vendor lists for the category of service or product type may be available ("vendor lists" are master lists of vendors who have already registered and made known their service and product offerings to the state or look up vendors by commodity codes on WEBS)
2. A Contract manager's and Subject Matter Expert's knowledge of the vendor marketplace
3. Vendor pre-bid communications - for example, send out a notice on WEBS prior to release of solicitation document to locate vendors
4. Other sources, which can include trade, industry groups/listings, the internet, other agencies, and/or other states

In addition, according to the American Purchasing Institute (API), the following are examples of ways to identify vendors through a Pre-Bid Communication.

- Requests for Information (RFI)
- Vendor product or service demonstrations
- A pre-procurement vendor conference. These can reveal potential vendors who

will bid on the project and provide input on the industry and preparing the bid document

- Also, up-to-date vendor contact information

**Definition:**

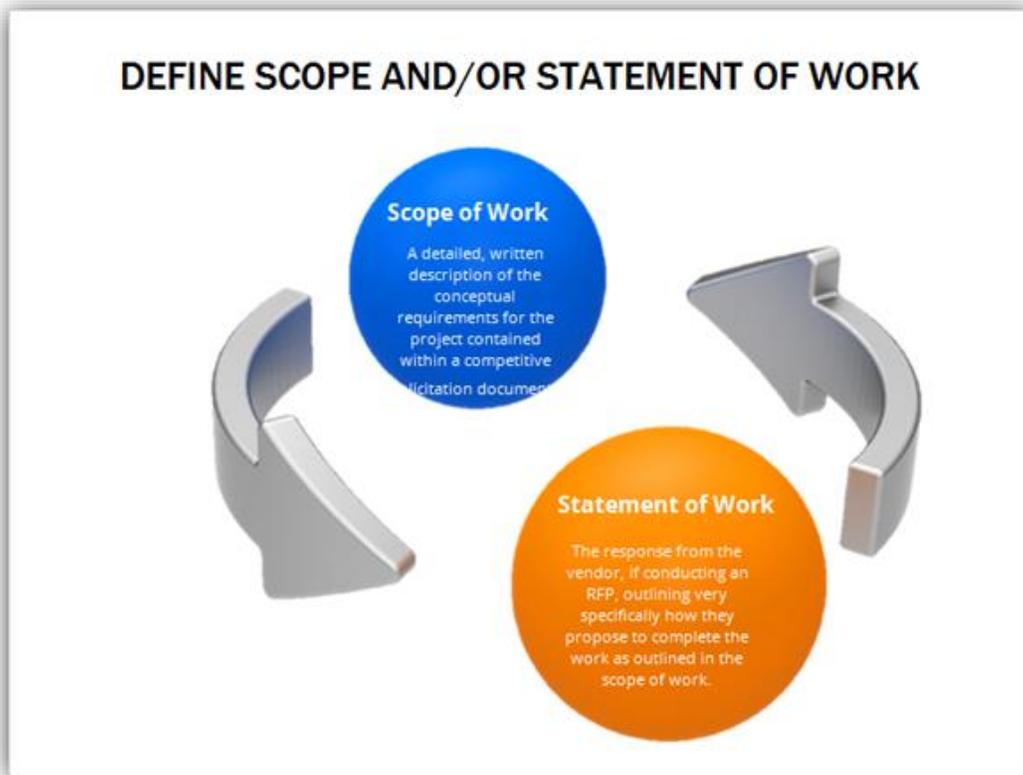
Request for Information (RFI) - A non-binding method published by an agency usually via WEBS, newspaper or internet stating its need for input from interested parties for an upcoming solicitation. A procurement practice used to obtain comments, feedback or reactions from potential suppliers (contractors) prior to the issuing of a solicitation. Generally price or cost is not required. Feedback may include best practices, industry standards, technology issues, etc. A purchase cannot be made from the results of an RFI.

**Other sources:**

- Purchasers' guides/vendor directories: websites such as ThomasNet.com
- DES vendor lists and agency lists
- Other State Agencies and Institutions of Higher Education
- Business to Business directories
- Internet
- Chambers of commerce
- Industry/Professional/Trade associations
- Trade shows/business expositions
- Market publications
- Industry organizations
- Online marketplaces
- Newspapers

Notes

**Slide 15 Define Scope and/or Statement of Work**



Now that a need is formalized, it should be incorporated into the procurement. A written description of a need is called Scope of Work, specifications, or requirements.

- A Scope of Work is important because it communicates the requirements for the purchase to both the agency and the Vendor.

Well-written Scope of Work documents produce these important benefits:

- When multiple vendors look at well-written requirements it should result in an "apples-to-apples" comparison, which makes evaluation easier.
- When requirements are well-defined, project risks are decreased.
  - Vendors are able to respond with a more concise and detailed proposal or bid

**Scope of Work** - A detailed, written description of the conceptual requirements for the project contained within a competitive solicitation document. The scope of work should establish a clear understanding of what is required from the vendor.

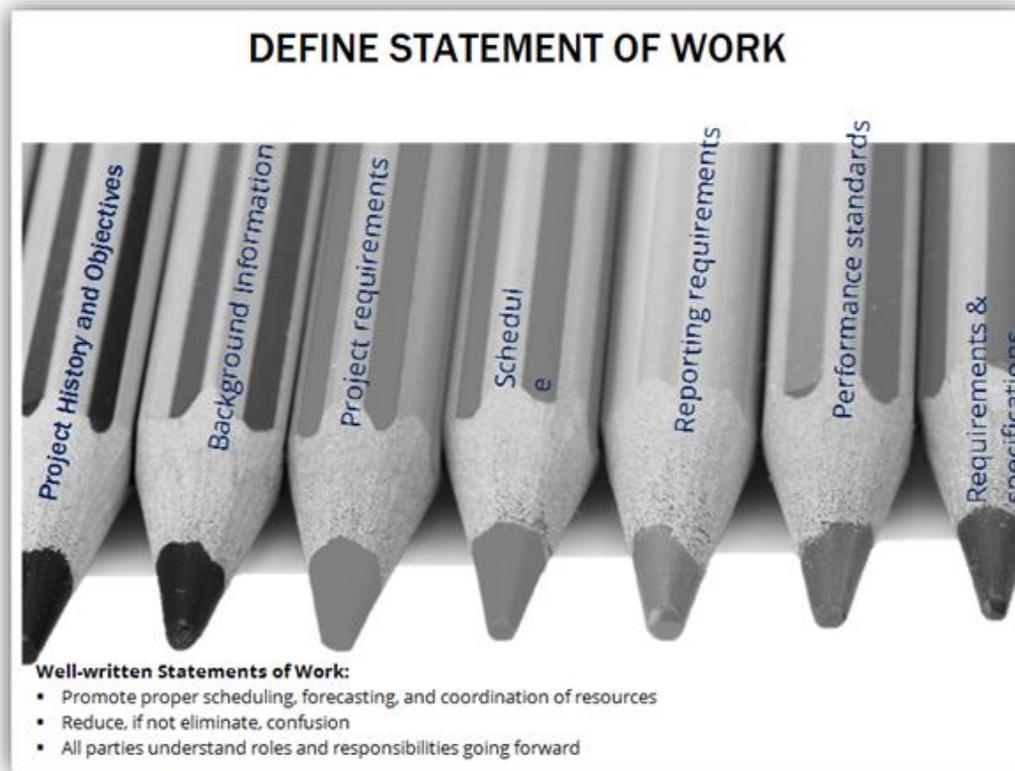
On the other hand, if the procurement is a Request for Qualifications, a Request for Quotes and Qualifications or a sole source, the scope has already been determined and a statement of work is required.

**Statement of Work:** The response from the vendor, if conducting an RFP, outlining very specifically how they propose to complete the work as outlined in the scope of work. If not conducting an RFP, the statement of work is determined by the agency and included in the contract document. It defines what will be done, how, by whom, and cost factors.

The procurement method will determine whether or not the agency or the vendor defines the statement of work. The statement of work can be modified in contract negotiations, regardless of the procurement method. However, the scope cannot be modified.

Notes

Slide 16 Define Statement of Work



The elements that make up the Statement of Work convey what will be done, when it is to be done, and what constitutes an acceptable result. Generally speaking, statements of work include the components shown here.

- **Project History & Objectives** - Although conveyed in the scope of work, it is helpful to reiterate this in the statement of work, or if conducting a competitive procurement, simply incorporate the RFP, which contains the information, into the contract.
- **Background information** - such as the history of the problem, why it needs to be solved, possible limitations, and actions taken to date. If conducting a competitive procurement, simply incorporate the RFP.
  - Often, background information includes current documentation current documentation on your program/product/operation such as volume, frequency, and other statistics. This serves the additional purpose of ensuring that, if you have a current contractor, that any non-incumbent vendors will have access to the same information as the current vendor providing the services or product.
- **Project requirements** - such as what needs to be done, quality standards, division of responsibilities, etc. These may include details such as inspector evaluations, testing, quality, paperwork, upkeep, and more.

- Deliverables - specific, tangible, and measurable tasks that must be accomplished
- Work breakdown structure - a division of the service into distinct segments
- **Hold points or milestones** - Points in time where the purchaser and supplier can assess the quality and timeliness of the most recently completed segment and the project as a whole. Often times, hold points and milestones are used to give the option to the buyer to terminate the services or withhold payment until the work is performed satisfactorily.
- **Schedule** - includes contract phases, procurement length, contract length (will amendments be allowed to extend and if so, how many and for how long?), other key dates such as legislative deadlines, end date of any contracts that are currently in place.
- **Reporting requirements** - Performance evaluation factors and acceptance criteria.
- **Performance Standards** - Performance standards define the result to be achieved by the product, service, or system.
- **Requirements and Specifications** - the statement of Work specifications to meet your needs. Progress is measured by determining whether the product, service, or system performs the tasks as described in the requirements and specifications.

**Poorly written Statements of Work result in:**

- Services that fail to meet quality expectations
- Financial and time loss
- Unfavorable costs
- Disagreements and litigation

**Well-written Statements of Work:**

- Promote proper scheduling, forecasting, and coordination of resources
- Reduce, if not eliminate, confusion
- All parties understand roles and responsibilities going forward

Notes

**Slide 17 Solicitation**

**SOLICITATION  
SELECTION**

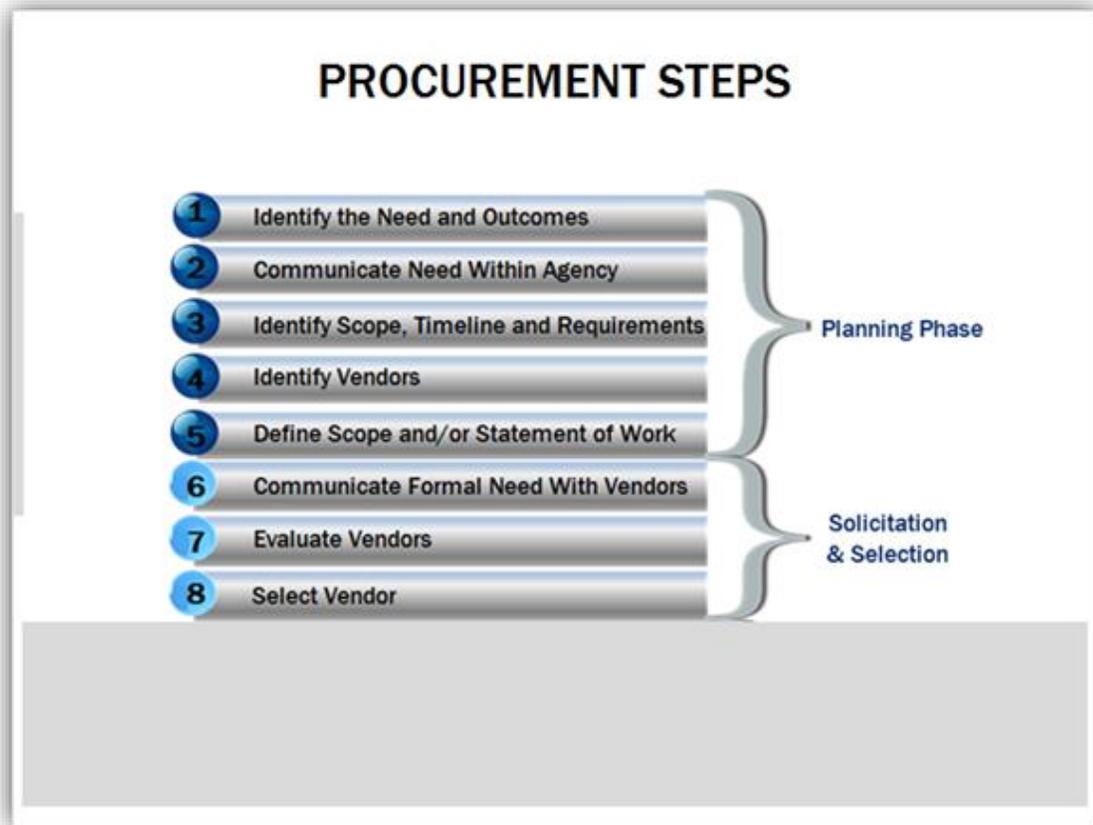
- ✓ Communicate Formal Need With Vendors
- ✓ Evaluate Vendors
- ✓ Select Vendor

**Section Two** - Solicitation and Selection will cover the following topics in more details:

- Communicate Formal Need With Vendors
- Evaluate Vendors
- Select Vendor

Notes

**Slide 18 Procurement Steps**



Now that you've done the work in Steps 1-5 you are ready to communicate the formal need (e.g., your official procurement document) with vendors.

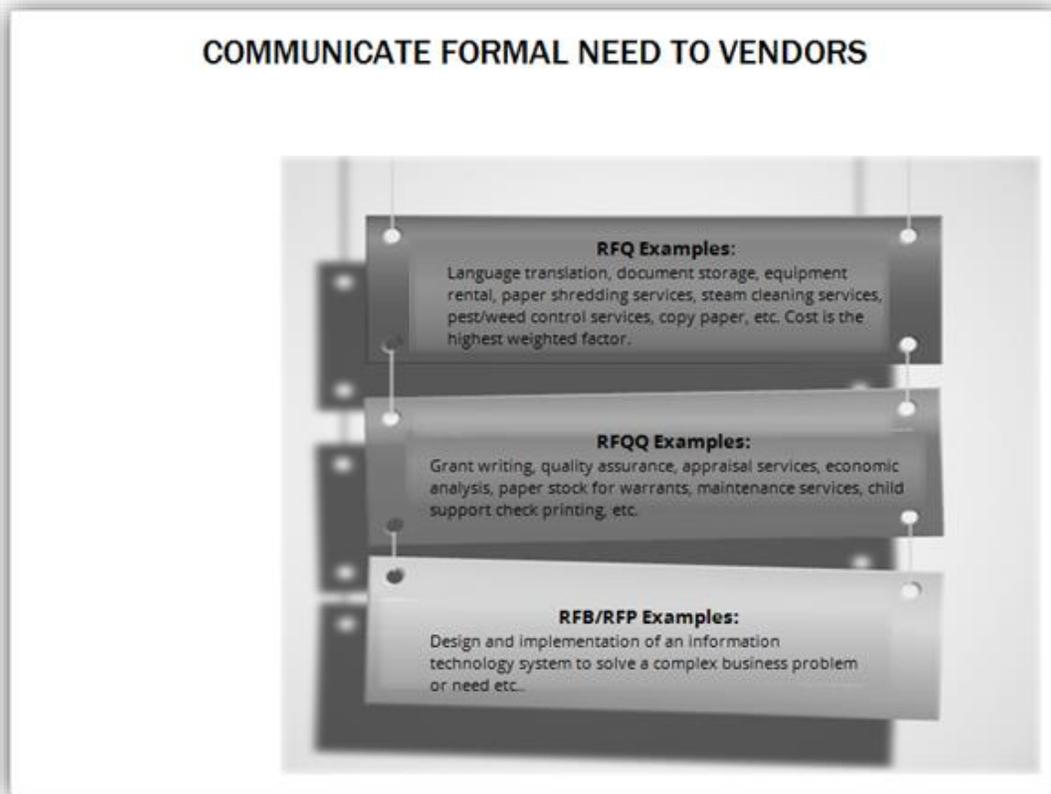
The goal here is to get the best value at the best price and with the best contract terms that are favorable to the state and that minimize the risks to your agency.

Steps 6-8 are the Solicitation and Selection Steps where the selection of a vendor takes place.

6. Communicate Formal Need With Vendors
7. Evaluate Vendors
8. Select Vendor

Notes

## Slide 19 Communicate Formal Need to Vendors



You are ready to communicate the formal need and release your official procurement document out to the vendors.

First you need to identify what type of procurement document to use.

When soliciting quotes or proposals from bidders, you have to choose the appropriate document as the means of requesting information. You will have already determined the type or competitive procurement and appropriate document type in the planning phase. The primary solicitation documents have already been covered in that phase as well as when to use them.

- ✓ Request For Quote/Quotation OR Request for Qualifications (RFQ)
- ✓ Request For Qualifications and Quote/Quotation (RFQQ)
- ✓ Request For Proposal (RFP)/Request for Bids (RFB)
- ✓ Letter to Request Bids

**RFQ Examples:** Language translation, document storage, equipment rental, paper shredding services, steam cleaning services, pest/weed control services, copy paper, etc. Cost is the highest weighted factor - primarily looking for best price from among multiple qualified vendors.

**RFQQ Examples:** Grant writing, quality assurance, appraisal services, economic analysis, paper stock for warrants, maintenance services, child support check printing, etc.

**RFB/RFP Examples:** Design and implementation of an information technology system to solve a complex business problem or need; Major business process analysis and assessment within an agency or major program of an agency; Major assessment and testing processes; Research services related to major health or scientific policy development; Environmental products related to mitigation of hazardous waste.

Notes

**Slide 20 Communicate Formal Need with Vendors**

**COMMUNICATE FORMAL NEED WITH VENDORS  
STEP 6**

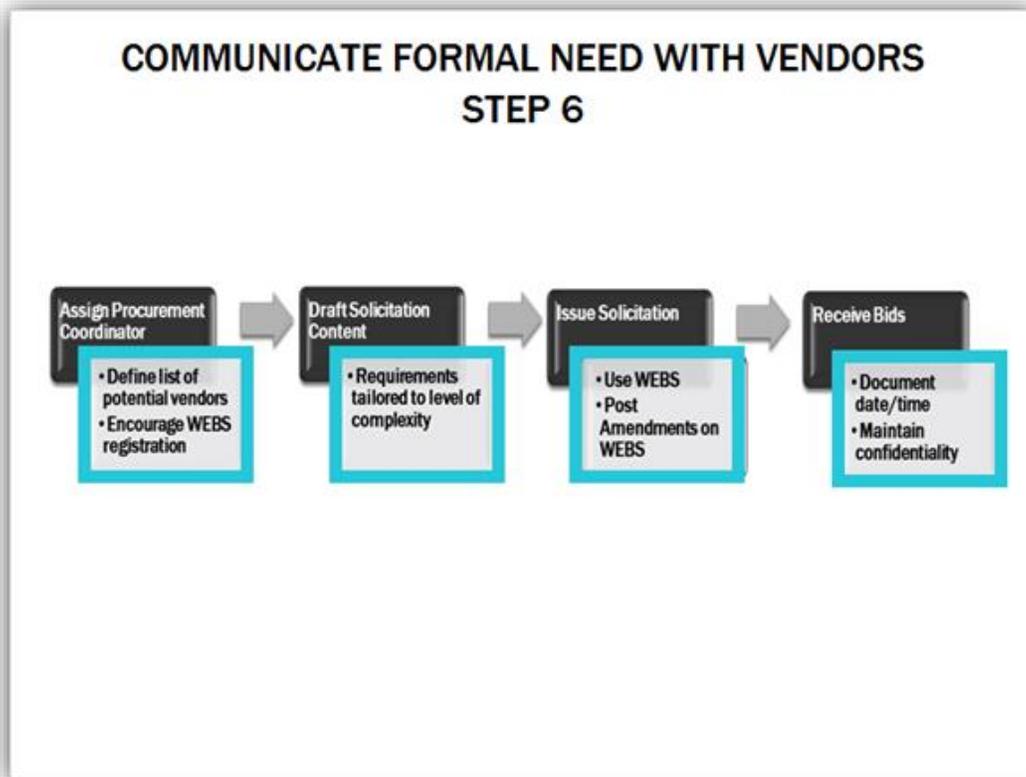
Solicitation Need	RFQ	RFQQ	RFP/RFB
Standard, Ongoing Purchase	X	X	
Many Vendors Offer This	X	X	
Cost is the Most Important Factor	X		
Vendor Qualifications and Performance Important in Addition to Cost		X	X
Vendor Specialization / Few Offer This			X
Complex Project Needs			X
Solution Required to Meet Need			X

Communicate Formal Need with Vendors - Step 6

This table is used as a refresher and identifies the type of need and the solicitation type to use.

Notes

**Slide 21 Communicate Formal Need with Vendors**



Communicate Formal Need with Vendors - Step 6 - The following are common steps associated with formal communication, or release of the solicitation document, to a vendor.

Regardless of the method used (i.e., RFQ, RFQQ or RFB/RFP), there are some steps that are needed for all.

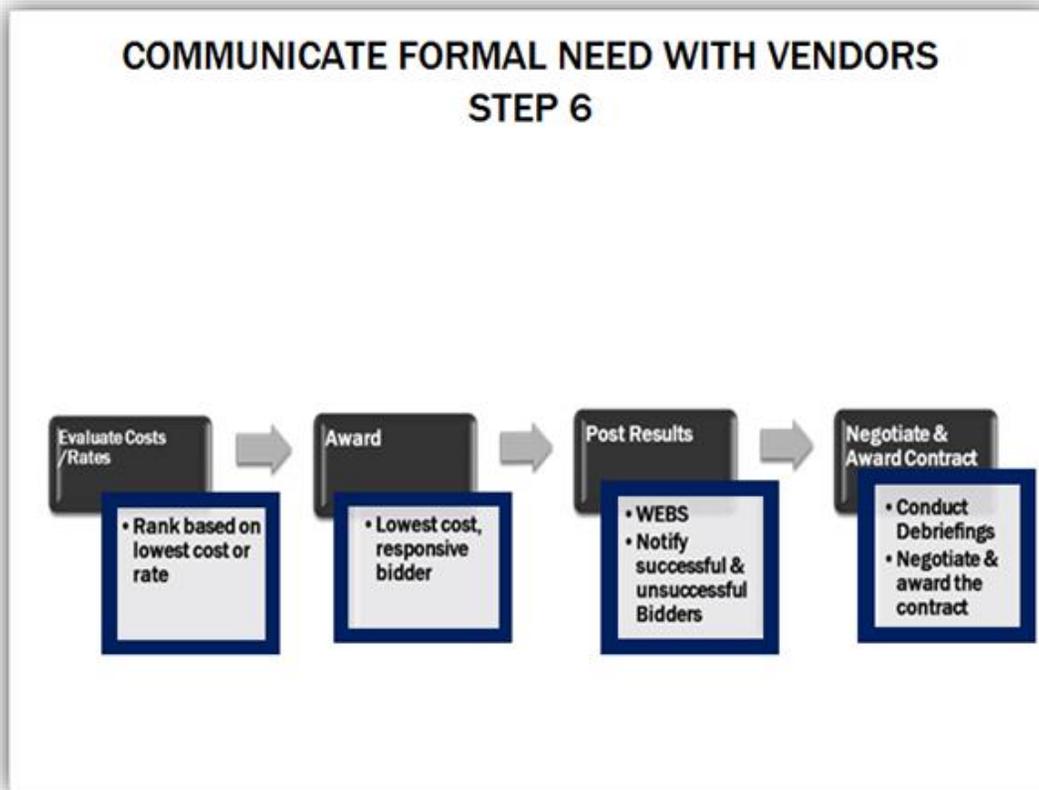
- Assign Procurement Coordinator
  - Define list of potential vendors
  - Encourage WEBS registration by vendors not currently in the system.
- Example: Add a statement to the solicitation document that states, “If you did not receive this RFP through WEBS, it is available on the Department of Enterprise Services (DES), Washington Electronic Business Solution (WEBS) Procurement Website at <http://www.des.wa.gov/services/ContractingPurchasing/Pages/default.aspx>. All RFP amendments or bidder questions/DES answers will be posted on WEBS. All interested proposers must be registered with WEBS under one or more of the following commodity codes in order to receive further notifications: (list commodities).
- Draft Solicitation Content - based on the type of document, this may be more complex (for example an RFQ requires you to document the service or product

specification that you want a quote for; an RFB/RFP requires functional, technical and management information as part of the proposal).

- Requirements tailored to level of complexity and need
- Issue Solicitation to multiple firms, through WEBS. If issued to a firm not registered in WEBS, encourage them to do so. Respond to questions or issues about the Solicitation via amendments posted on WEBS.
- Receive bids, document date/time of receipt - maintain confidentiality
- Document date/time
- Maintain confidentiality of procurement and evaluation team

Notes

Slide 22 Communicate Formal Need with Vendors



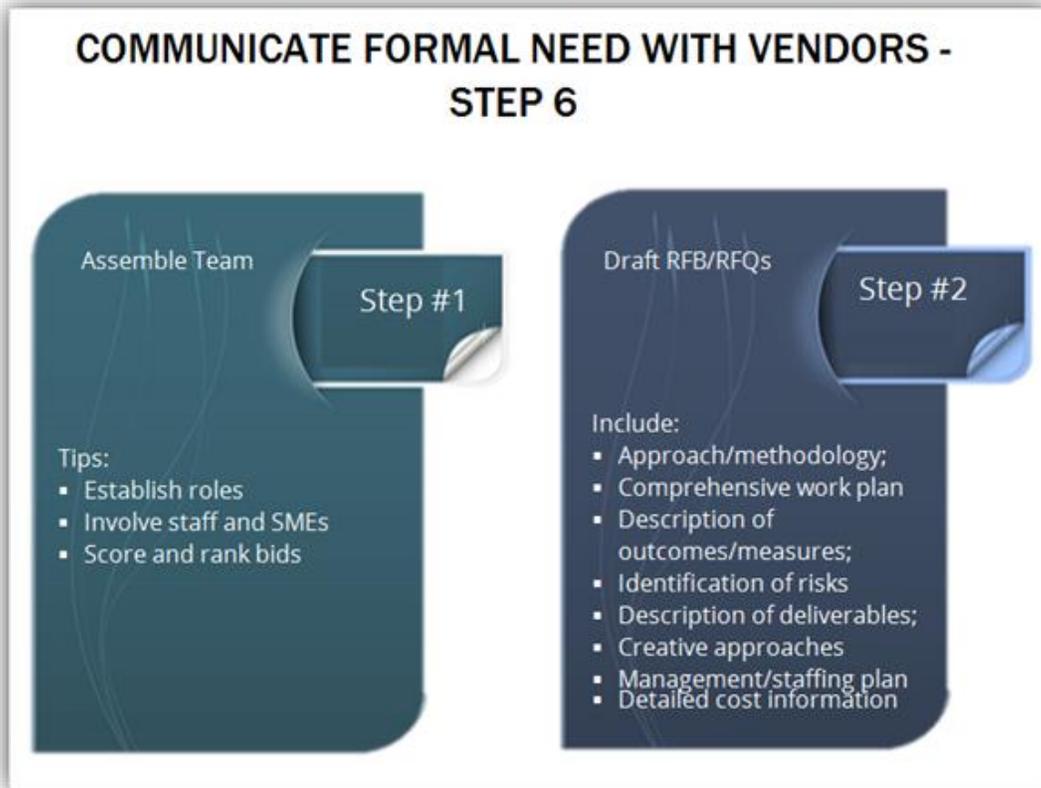
Here we highlight the steps necessary to communicate a formal need to vendors using a Request for Quotes.

After receiving the bids, the RFQ Coordinator does the following:

1. Evaluates costs/rates in bids, in accordance with RFQ and rank bids
2. Awards to the lowest cost, responsive bid/responsible bidder
  - Responsive bidder: A contractor, business entity or individual who has submitted a bid or proposal that fully conforms in all material respects to the solicitation document and all of its requirements, including all form and substance. (NIGP)
  - Responsible bidder: A contractor, business entity or individual who is fully capable to meet all of the requirements of the solicitation and subsequent contract. Must possess the full capability, including financial and technical, to perform as contractually required. Must be able to fully document the ability to provide good faith performance. (NIGP)
3. Announces apparent successful bidder and notifies unsuccessful bidders.
4. Conduct debriefings, if requested
5. Negotiate and award contract. Post award results on WEBS

Notes

**Slide 23 Communicate Formal Need with Vendors - Step 6**



**Steps to communicate a formal need with a Vendor through a RFP/RFB -**

Because of the complexity of RFB/RFPs and the need to evaluate qualifications in addition to costs for RFQQ's, there are some more detailed steps needed.

The steps for an RFQQ are similar to the RFP/RFB process. Because of the need to evaluate qualifications, RFQQ's require more than review and ranking of cost and rates.

- ✓ The complexity of projects will often require a team of staff to help develop the solicitation, to conduct the evaluation and to be involved in contract management.
  - Establish role of RFB/RFP Coordinator vs. contract manager and evaluators
  - Program staff / subject matter experts (SMEs): Involve the program staff in drafting the requirements, providing relevant background, developing evaluation criteria, determining budget implications, identifying vendor community, etc.
  - Select evaluation team to score and rank bids, participate in debriefings, and protests, if required.
- ✓ RFB/RFQ includes requirements for bidders specific to the project. The following

should be requested from bidders, at a minimum:

- Detailed project approach/methodology
  - Comprehensive work plan or technical plan to accomplish the defined statement of problem/need described in the RFB; may include project timeline/schedule
  - Description of outcomes and performance measures
  - Identification of risks and how to manage the risks
  - Description of deliverables
  - Creative approaches and alternatives
  - Management/staffing plan and identification of any subcontractors to be utilized to accomplish the services
    - Bidder profile and business information
    - Bidder experience;
    - Experience of Bidder's lead staff person and other staff;
    - References for Bidder, lead staff person and subcontractors, if any - agency may contact references at its discretion;
    - Detailed cost information to complete the project.
- ✓ Post RFB/RFP on WEBS
- Select applicable Commodity Code(s)
  - Ensure all vendors receive the same information throughout the process
  - Additional ways to advertise: agency website, professional or trade journals, newspapers, etc.
  - Direct all non-registered vendors to WEBS to register under the applicable commodity code(s)
- ✓ Provide answer to vendors' questions via addenda/amendments and post promptly on WEBS
- Only vendors who have downloaded the RFB/RFP will receive notice of any amendments posted on WEBS
    - \* Add WEBS instruction language to solicitation document
  - Provide for a complaint process and protest process (Policy #DES-170-00)
  - Vendors may submit complaints with regard to the following related to the RFB/RFP:
    - Unnecessarily restricts competition
    - Evaluation or scoring appears unfair or flawed
    - Requirements are inadequate or insufficient to prepare a response
    - Deadline for complaints: five (5) business days before due date for bids
    - Agency response, including any changes to the solicitation, must be posted on WEBS before agency proposal due date

- Receive bids/proposals (note date/time received)
- If hard copy submittal, initial, or sign the bid/proposal indicate receipt, date stamp, and time stamp or write down the time and indicate it was received by the due date/time
- If electronic, retain email that shows date/time received
  
- Reject late bids
  - Exceptions:
    - Only one bid is received - the late one.
    - Clear mishandling on the part of the State related to receipt of a hard copy bid, or
    - State's computer system did not function properly for receipt of an electronic bid.

Notes

**Slide 24 Communicate Formal Need with Vendors - Step 6**

**COMMUNICATE FORMAL NEED WITH VENDORS -  
STEP 6**

Step #3

**Post RFB/RFP on WEBS**

Tips

- Select Commodity Code(s)
- Ensure all vendors receive the same information
- Use many ways to advertise
- Direct all non-registered vendors to WEBS

Step #4

**Answer vendor questions and post promptly**

Tips

Tips (continued)

4. Only vendors who have downloaded the RFB/RFP will receive notice of any amendments posted on WEBS
  - ▶ Add WEBS instruction language to solicitation document
5. Provide for a complaint process
6. Provide for a protest process

Steps to communicate a formal need with a Vendor through a RFP/RFB -

- Post RFB/RFP on WEBS
  - Select applicable Commodity Code(s)
  - Ensure all vendors receive the same information throughout the process
  - Additional ways to advertise: agency website, professional or trade journals, newspapers, etc.
  - Direct all non-registered vendors to WEBS to register under the applicable commodity code(s)
- Provide answer to vendors' questions via addenda/amendments and post promptly on WEBS
  - Only vendors who have downloaded the RFB/RFP will receive notice of any amendments posted on WEBS
    - \* Add WEBS instruction language to solicitation document
- Provide for a complaint process and protest process (Policy #DES-170-00)

- Vendors may submit complaints with regard to the following related to the RFB/RFP:
  - Unnecessarily restricts competition
  - Evaluation or scoring appears unfair or flawed
  - Requirements are inadequate or insufficient to prepare a response
  - Deadline for complaints: five (5) business days before due date for bids
  - Agency response, including any changes to the solicitation, must be posted on WEBS before agency proposal due date
- Receive bids/proposals (note date/time received)
- If hard copy submittal, initial, or sign the bid/proposal indicate receipt, date stamp, and time stamp or write down the time and indicate it was received by the due date/time
  - If electronic, retain email that shows date/time received
- Reject late bids
  - Exceptions:
    - Only one bid is received - the late one
    - Clear mishandling on the part of the State related to receipt of a hard copy bid, or
    - State's computer system did not function properly for receipt of an electronic bid

Notes

**Slide 25 Communicate Formal Need w/ Vendors - Cost Sheets - Step 6**

**COMMUNICATE FORMAL NEED W/ VENDORS - COST SHEETS -**

Vendor Name	Cost
Time	
Materials	
Total:	

Provide a cost sheet to vendor

There are many types of cost sheets

→

Vendor Name	Cost
Time	
Materials	
Total:	

Vendor Name	Deliverable Cost
Deliverable A	
Deliverable B	
Deliverable C	
Total:	

→

Vendor Name	Deliverable Cost
Deliverable A	
Deliverable B	
Deliverable C	
Total:	

Vendor Name	Hourly Rate	Hours	Total
Staff level			
Total:			

→

Vendor Name	Hourly Rate	Hours	Total
Staff level			
Total:			

**Communicate Formal Need with Vendors - Cost Sheets**

Cost Sheets are normally included in solicitations for vendors to complete. There are many ways to include cost information, including time and materials, performance based including deliverables-based, fixed cost, etc.

By providing a cost proposal sheet for the vendor to complete, you are assuring that you receive the costs that are easier to evaluate - you are comparing apples to apples.

It is helpful for evaluators to get information from bidders about the way they determine their costs as well.

Notes

## Slide 26 Evaluate Vendors

### EVALUATE VENDORS STEP 7

#### Evaluation Objectives

- Provide clear direction and guidance
- Ensure integrity of fair evaluation process
- Create a documented process
- Recommend for contract award

The evaluation criteria and scoring methodology is developed along with the RFP (this holds true for all competitive procurement types). It becomes a part of the RFP so that vendors know how they will be evaluated.

#### Evaluate Vendors - Step 7 Evaluation Objectives

- Provide clear direction and guidance to evaluation team through training and evaluation materials
- Ensure integrity of fair evaluation process by providing a transparent, complete, and consistent proposal evaluation process
- Create a documented record of the proposal evaluation process
- Recommendation for a Contract award based on proposal most advantageous to Agency

The evaluation criteria and scoring methodology is developed along with the RFP (this holds true for all competitive procurement types). It becomes a part of the RFP so that vendors know how they will be evaluated.

It is very important to follow the rules and documented procedures of your evaluation process and to adhere to the evaluation criteria laid out in the RFP/RFB so the result is defensible in case of legal protest.

Notes

**Slide 27 Evaluate Vendors**

**EVALUATE VENDORS  
STEP 7**

**Evaluation Step Considerations**

- Confidentiality and Security
- Conflict of Interest
- Evaluation Milestones
- Evaluator Availability?

**Security and Confidentiality:** Is essential to ensure clarity of communication during the process and ensure impartiality and fairness to all bidders.

**Evaluate Vendors - Step 7**

Considerations during the evaluation step:

- Confidentiality and Security
- Conflict of Interest
- Evaluation milestones to ensure timeline can be met
- Do the evaluators have time on their calendar for the evaluation?

**Security and Confidentiality:** Is essential to ensure clarity of communication during the process and ensure impartiality and fairness to all bidders.

It is the responsibility of every participant in the procurement process to ensure security and confidentiality are maintained. Maintain confidentiality of bids/proposals throughout evaluation process to protect bidders' offers.

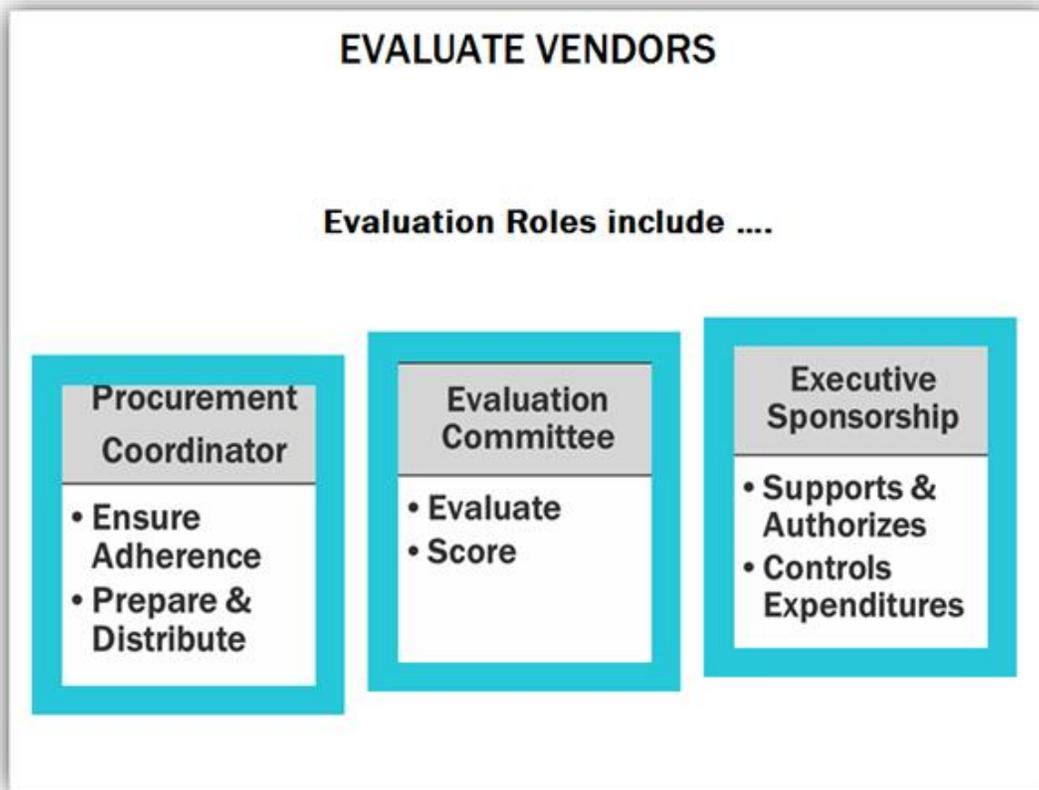
It is standard practice that all evaluators and other members of the procurement team

sign and date a Confidentiality and Conflict of Interest form in order to ensure confidentiality and to make sure that no conflict of interest exists with any of the bidders.

\*\* Bid submissions and bid evaluations are exempt from public disclosure until the agency announces the apparently successful bidder (RCW 39.26.030(2))

Notes

**Slide 28 Evaluate Vendors**



**Evaluate Vendors - Step 7**

Evaluation roles include:

- Procurement Coordinator
- Evaluation Committee
- Executive Sponsorship

The Procurement Coordinator responsibilities include:

- The opening of proposals, whether via email or in hard copy
- Keeping proposals secure
- Conducts responsiveness review - ensures adherence to proposal submission requirements
- Provides the evaluation team with guidance and training on the evaluation process
- Instructs team to sign "Confidentiality and Conflict of Interest" form
- Receives and distributes all proposals and evaluation materials to evaluation team

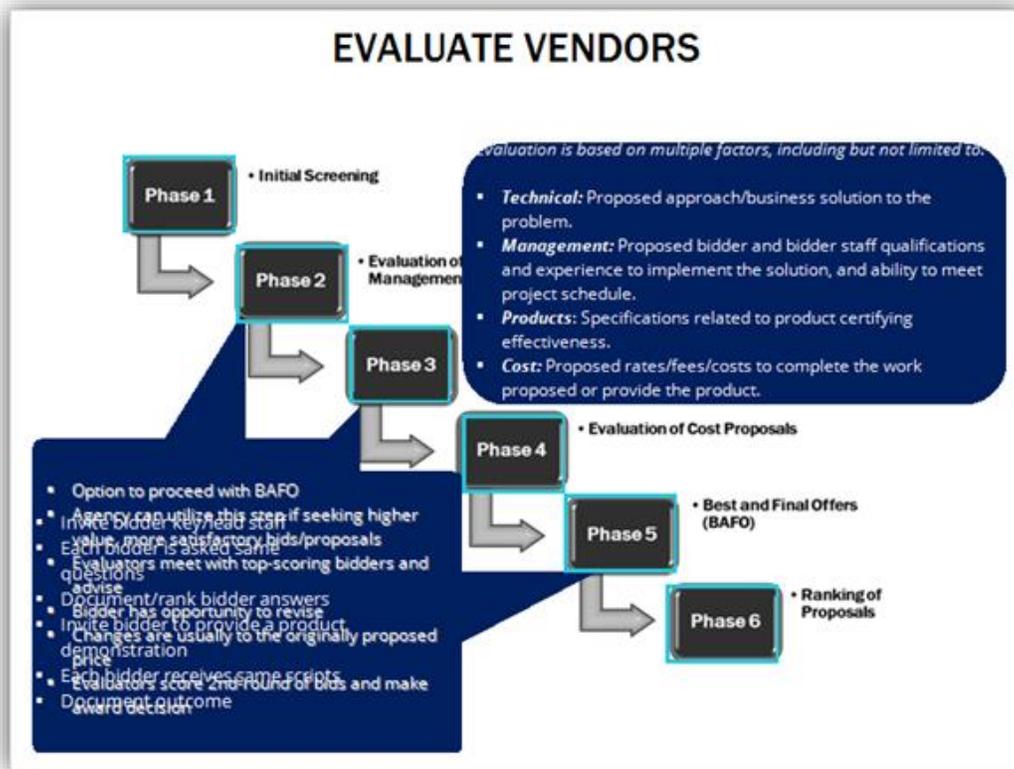
- Preparation and distribution of Intent to Award Notice and Unsuccessful Bidder Notices
- Schedules debriefings

The Evaluation Committee evaluates and scores proposals and any oral presentations provided by bidders.

Executive Sponsorship supports and authorizes the scope of the project as well as controls and authorizes the expenditure of funds.

Notes

Slide 29 Evaluate Vendors



**Evaluate Vendors - Step 7**

This proceeds in six phases.

1. RFB/RFP Coordinator conducts initial screen of bids/proposals for responsiveness to administrative requirements and receives bids, documents date/time of receipt while maintaining security and confidentiality throughout. Use a checklist for responsiveness. Here the form is adherence to administrative requirements for submission. You may contact a bidder for clarification of a bidder proposal, but a bidder may not change the contents of the bid.

2. Evaluation team(s) scores responsive bids/proposals scores strictly against criteria set forth in the RFB/RFP. Use score sheets consistent with RFB/RFP requirements for the Technical and Management response

- Technical response: The bidder’s response to the RFP describing how the work will be accomplished, when, project timelines, etc. This is the response to the Scope of Work (what is needed).
- Management response: Proposed bidder and bidder staff qualifications and experience to implement the solution, and ability to meet project schedule
- Products: Specifications related to product certifying effectiveness

3. Conduct oral interviews and/or product demonstrations, if required
  - Invite bidder key/lead staff to interview with evaluation team
  - Each bidder is asked the same set of questions
  - Document bidder answers and score/rank
  - Invite bidder key/lead staff to provide a product demonstration based on scripts provided by the agency
  - Each bidder receives same set of scripts
  - Document outcome by scoring/ranking demonstrations
4. Conduct cost evaluation using worksheets included in the RFP/RFB
  - The cost analysis breaks down a total price into components or other methodology previously determined
  - The proposed rates/fees/costs to complete the work or provide the product are evaluated based on lowest cost for each scored cost component being awarded the highest points

#### 5. Best and Final Offers

For complex solicitations proceed with Best and Final Offers:

- Option to proceed with Best and Final Offers (BAFO) after evaluation - if referenced in the solicitation document
- Agency can utilize this step if seeking higher value, more satisfactory bids/proposals from top finalists than originally submitted

NOTE: Cannot be used to change a non-responsive bid to a responsive one

- Evaluators meet with top-scoring bidders and advise them of the weaknesses and ambiguities in their respective bids
- Bidder has opportunity to revise its proposal to make a more appealing offer and submit it by a specific date/time
- Bid/proposal changes are usually to the originally proposed price
- Evaluators score 2nd-round of bids submitted and make award decision. Use same evaluation criteria unless revised evaluation criteria was developed and communicated to the bidders

#### 6. Ranking and Selection to Proceed with Award

- Determine ranking of bids/proposals based on final evaluation scoring.
- Conduct reference checks, as determined applicable, for top ranking firm(s). Evaluation is based on multiple factors, including but not limited to:
  - Technical: Proposed approach/business solution to the problem.
  - Management: Proposed bidder and bidder staff qualifications and experience to implement the solution, and ability to meet project schedule.
  - Products: Specifications related to product certifying effectiveness.
  - Cost: Proposed rates/fees/costs to complete the work proposed or provide the product.

Notes

**Slide 30 Evaluate Vendors**

**EVALUATE VENDORS  
STEP 7**

**Technical Evaluation**

	<b>Technical Evaluation Criteria</b>	<b>Points (Weighted Score)</b>
1	<b>Executive Summary (75 points max) and Vendor Identifying Information (25 points max)</b>	<b>100</b>
2	<b>Qualifications of Firm (300 points max)</b>	<b>300</b>
3	<b>Approach to Scope of Work (300 points max)</b>	<b>300</b>
4	<b>Qualifications of Proposed Key Personnel (200 points max)</b>	<b>200</b>
5	<b>Corporate References (100 points max)</b>	<b>100</b>
6	<b>Total Weighted Score</b>	<b>1000</b>

This is a sample score sheet for a technical evaluation. This is just an example.

**Technical Evaluation Criteria may include:**

- 1.Executive Summary and Vendor Identifying Information
- 2.Qualifications of Firm
- 3.Approach to Scope of Work
- 4.Qualifications of Proposed Key Personnel
- 5.Corporate References
- 6.= A Total Weighted Score

There are different methods to score evaluation criteria, including:

- Averaging all evaluators' individual scores.
- Consensus scoring where only one numerical score is assigned, based on evaluation team consensus.
- Raw scores based on percentages - for example, if a certain evaluation criteria is worth 20 points, and the evaluation team awards 90% of the score, then the raw score would be 18 points.

In any case, the evaluation team members must agree before they start reviewing bids on the method to be used for scoring. In the case of consensus scoring, the procurement coordinator has the added role of facilitating the consensus discussion.

Notes

**Slide 31 Evaluate Vendors**

**EVALUATE VENDORS  
STEP 7**

Cost Evaluations

<b>Vendor Name</b>	<b>Cost</b>
Vendor A	\$150,000
Vendor B	\$175,000
Vendor C	\$180,000

 Which vendor would you select based on the cost results?

Pricing forms should provide the format for breaking down costs and to provide an understanding of a vendor's costs.

Consider this table. Which vendor would you select based on the cost results? Is there anything missing?

What is missing is... There is no break down of costs. You would have to assume that the requirement in the RFP was to submit a firm fixed cost for the entire project. Even if you asked for a firm fixed cost, it makes sense to require a break down of costs so that you can see more clearly what the vendor is proposing and how he is allocating costs when providing services.

Notes

**Slide 32 Evaluate Vendors**

**EVALUATE VENDORS  
STEP 7 - COST EVALUATION**

Cost Component	Vendor A	Vendor B	Vendor C
Supplies	\$50,000	\$60,000	\$70,000
Staff	\$50,000	\$90,000	\$90,000
Administrative Expenses	\$20,000	\$5,000	\$5,000
Profit/Overhead	\$30,000	\$20,000	\$15,000
<b>Total</b>	<b>\$150,000</b>	<b>\$175,000</b>	<b>\$180,000</b>

*The following are some questions you can consider:*

- What percentage of cost is for profit or overhead?
- What percentage of cost is for administrative purposes?
- Are experienced staff being used for the price of staffing?
- Does the cost align with the SOW?

**As a contrast, consider this slide.**

What do you think of the vendor costs now?

The following are some questions you can consider:

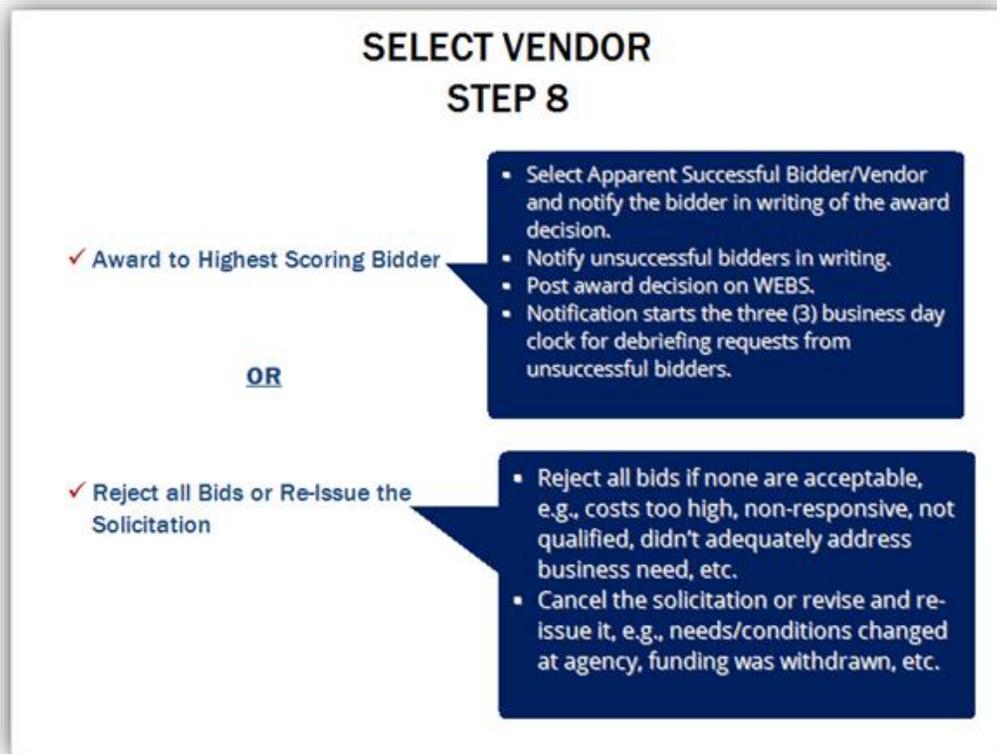
- What percentage of cost is for profit or overhead?
- What percentage of cost is for administrative purposes?
- Are experienced staff being used for the price of staffing?
- Does the cost align with the SOW?

Also occurring concurrently with the evaluation activities, the Procurement Coordinator is facilitating:

- Reference checks
- Financial Statement Analysis

Notes

**Slide 33 Select Vendor**



Once the evaluation is complete:

- Award to Highest Scoring Bidder
- Reject all Bids or Re-Issue the Solicitation

Proceed with Award after bids are scored, ranked and selection is made.

Award to Highest Scoring Bidder

- Select Apparent Successful Bidder/Vendor and notify the bidder in writing of the award decision.
- Notify unsuccessful bidders in writing.
- Post award decision on WEBS.
- Notification starts the three (3) business day clock for debriefing requests from unsuccessful bidders.

If no award is possible, these other options are available:

- Reject all bids if none are acceptable, e.g., costs too high, non-responsive, not qualified, didn't adequately address business need, etc.
- Cancel the solicitation or revise and re-issue it, e.g., needs/conditions changed at agency, funding was withdrawn, etc.

Agency can reject the bid of any vendor who has failed to perform satisfactorily on a previous contract with the State.

Notes

**Slide 34 Select Vendor**

**SELECT VENDOR  
STEP 8**



Once all bidders have been notified, conduct debriefings if requested.

Following the award, as you get ready to negotiate and establish a contract make sure the solicitation files are complete.

**Select Vendor - Step 8**

Once all bidders have been notified conduct debriefings if requested.

- The agency must hold the debriefing within three (3) business days of the request.
- The vendor cannot protest if they do not debrief.

All this information should be explained clearly in the RFP/RFB documents.

Conduct debriefings, if requested by the vendor.

A Debriefing Conference must:

- Be conducted with unsuccessful bidders, as requested, according to the schedule in RFB/RFP.
- Start the clock for the five (5) business day protest period. Vendor cannot protest if they did not debrief.

- If a protest is submitted, carefully follow bid protest procedures according to the RFB/RFP schedule.
  
- Note: Do not sign a contract while a protest is in process.

Following the award, as you get ready to negotiate and establish a contract make sure the solicitation files are complete.

In order to ensure solicitation and contract files are complete include this information in the file:

1. Names of firms solicited through WEBS and other methods.
2. Copy of the solicitation document and any amendments.
3. Copies of key correspondence/emails related to conduct of the solicitation.
4. Copies of bids/proposals submitted--both successful and unsuccessful, with cover sheets documenting when received.
5. Evaluator score sheets utilized and summary score sheet of final totals from the written evaluation. Description of the evaluation process.
6. Oral interview documentation and scoring/ranking.
7. Demonstration documentation and scoring/ranking.
8. Written notification to successful & unsuccessful bidders. Rationale as to why the successful bidder was selected.
9. Copy of WEBS activity related to the solicitation.
10. Copy of executed contract.
11. Copy of Certificate of Insurance, as required.
12. Proof of contractor being licensed in Washington.

Records and Retention:

Retain all documents in accordance with records retention schedules: -Solicitation documents are retained six (6) years after closure or cancellation date.

Unsuccessful bids are retained three (3) years after bid award or cancellation date.

Vendor protests of agency solicitations and vendor appeals to protest decisions are retained six (6) years after final disposition of protest/appeal.

Notes

## Slide 35 Post-Procurement

# POST-PROCUREMENT

- ✓ Negotiate Contract
- ✓ Contract Execution and Management

**Section Three** - Post-Procurement will cover the following topics in more details:

- Negotiate Contract
- Contract Execution and Management

**Slide 36 Procurement Steps**



**Procurement Steps - 9 and 10**

Now that a vendor is selected, it's time to negotiate the contract and enter into the contract management phase.

This is the Post-Procurement phase (steps 9-10) leading to the management of the contract for the goods or services procured.

- 9. Negotiate Contract
- 10. Contract Execution and Management

Notes

### Slide 37 Negotiate Contract



It's important that your negotiation team include the Procurement Coordinator, Subject Matter Experts, and Contracting specialist(s). It's also important to build time into the process for contract review by all the necessary participants and signatories to obtain the best deal for the State.

The degree of negotiation depends on the complexity of the contract. The agency determines if it is advisable to conduct negotiations. Negotiations may be held with the apparent successful vendor if more favorable contract terms are desired or if the proposal is not sufficiently precise or direct. The result should be a win-win for both the agency and the vendor.

- Conduct Baseline Contract Review
- Edit and add necessary contract language based on winning vendor's proposal
- Finalize and route for Signatures
- Contract Starts

If the terms offered in the initial proposal are considered fair and equitable, an award may be made without negotiation.

If negotiations fail with the ASB/ASV, the second ranked bidder may be invited to participate.

Notes

**Slide 38 Contract Execution and Management Transition - Step 10**



The responsibility for the contract now transitions from the procurement professional to the Contract Manager

- Contract Execution - Contract is signed by all parties and work can begin.
- Initial kick-off meeting with contractor. Hold initial meeting with contractor so project starts with clearly understood expectations, roles and responsibilities.
  - Set up communication plan
  - Clarify any contract requirements, if necessary (always good to have your procurement professional at this meeting)
  - Define change order process, if necessary
  - Team meet and greet
  - Work out any issues, concerns, etc.
  - Get the period of performance off to a good start
  - Document the meeting and all decisions made
- Contract management framework - Contract Manager's monitoring plan
- Project Management - Contract Manager should treat the management and

monitoring of the contract like a project.

- Note: Pro-actively manage contract to ensure receipt of quality goods and services and contractor compliance with terms; monitor contract performance; verify quality of deliverables and accuracy of invoices (only approve if accurate); resolve any issues/problems promptly, etc.

For more in depth information on Contract Management we recommend that you attend Contract Management 101.

Notes

### Slide 39 Contract Execution and Management Transition



The Contract Manager manages and monitors the executed contract. Don't begin work before the contract is executed.

As the procurement professional, it is important that you understand the Contract Manager's role and provide technical assistance when needed.

The following are functions of ongoing contract management:

- Risk Mitigation
- Compliance with Terms and Conditions
- Approve Contract Invoices
- Schedule Monitoring

Contract Monitoring - is planned, ongoing, or periodic activity that measures and ensures contractor compliance with the terms and requirements of the contract

Monitoring of the contract takes place after the contract is executed and work has begun. Consider the following.

- Helps prevent non-compliance by identifying and resolving problems.

- Dynamic - subject to change depending on changing risk factors -Must be documented
- Monitoring purpose - MITIGATES RISK!
- Monitoring ensures the Contractor is:
  - Complying with the terms and conditions of the contract and applicable laws and regulations.
  - In compliance with contract special terms identifying and resolving potential problems.
  - Adhering to project schedule
  - Providing the quality of services expected.

Monitoring Activities may include:

- Periodic contractor reporting.
- Agency review of audit reports: monitor corrective action.
- Invoice reviews: compare billings with contract terms and parameters.
- Conduct and document onsite reviews: test contractor knowledge of program.

And here's some cautions:

- Execute amendments before the contract expires and before amended work begins
- Don't change the statement of work, costs, period of performance without an amendment
- Don't sign the contractor's contract form without legal review

So what happens if things go wrong? Corrective Action may be necessary if contractual obligations are not met. The Contract Manager should seek your assistance with this process and not try to handle it alone. It's important to remember to:

- Address deficiencies quickly:
  - Procurement Professional will advise and seek specialist advice regarding rights or actions, whenever necessary
  - Seek AAG council
  - Inform management
- Document process fully
- Withhold payment or terminate?

Notes

## Slide 40 Summary & Key Points

### SUMMARY & KEY POINTS

- Identified purchasing and procurement needs and outcomes
- Described the importance of communicating need within the agency
- Identified scope, requirements and timeline, and vendors as part of the planning process
- Discussed how to evaluate and select a vendor
- Reviewed the purchasing and procurement planning phases

- Identified purchasing and procurement needs and outcomes
- Described the importance of communicating need within the agency
- Identified scope, contract length, and vendors as part of the planning process
- Discussed how to evaluate and select a vendor
- Applied the purchasing and procurement planning phases

## Resources

A Guide to the Project Management Body of Knowledge (PMBOK Guide) 5<sup>th</sup> Edition  
<http://www.pmi.org/PMBOK-Guide-and-Standards.aspx>

DES Policies:

Contracting & Purchasing Policies, Training, and Resources

<http://des.wa.gov/services/ContractingPurchasing/Pages/default.aspx>

DES-170-00 – Complaints and Protests (RCW 39.16.170)

[http://www.des.wa.gov/SiteCollectionDocuments/About/Procurement\\_reform/Policies/Topic5\\_FinalComplaintAndProtestPolicy.pdf](http://www.des.wa.gov/SiteCollectionDocuments/About/Procurement_reform/Policies/Topic5_FinalComplaintAndProtestPolicy.pdf)

NIGP Code of Ethics

<http://www.nigp.org/eweb/StartPage.aspx?Site=NIGP&webcode=abt-codeofethics>

RCW 39.26 – Procurement of Goods and Services

<http://app.leg.wa.gov/rcw/default.aspx?cite=39.26>

RCW 39.26.030(2) – State Procurement Records – Disclosure

<http://apps.leg.wa.gov/rcw/default.aspx?cite=39.26.030>

RCW 42.52 – Ethics in Public Service

<http://app.leg.wa.gov/rcw/default.aspx?cite=42.52>

Washington's Electronic Business Solution (WEBS) Website

<https://fortress.wa.gov/ga/webs/>

#### Contact Us By Phone

For questions, feel free to contact us by phone at 360-407-2200.



#### Locations & Directions

Our headquarters office is at 1500 Jefferson, on the Capitol Campus in Olympia, Washington. DES operations are also located throughout the state.

Enterprise Services headquarters at 1500 Jefferson Building

#### Other Enterprise Services locations

DES Headquarters at 1500 Jefferson Building

The headquarters of Enterprise Services is the 1500 Jefferson Building, which will also serve as the state's new data center. The building is part of state government's historic Capitol Campus and is the newest structure built on the grounds since 1992.

#### Mailing Address

Washington State Department of Enterprise Services PO Box 41401 Olympia, WA  
98504-1401

#### Physical Location

1500 Jefferson Street SE Olympia, WA 98501