

State of Alabama
Department of Finance
Division of Purchasing



Our Mission



To provide quality service to State Agencies and Suppliers; in order to fulfill the purchasing needs of the State of Alabama in a professional, responsive, and timely manner and in accordance with state statutes [§41-4-110 through §41-4-115 and §41-16-20 through §41-16-32].



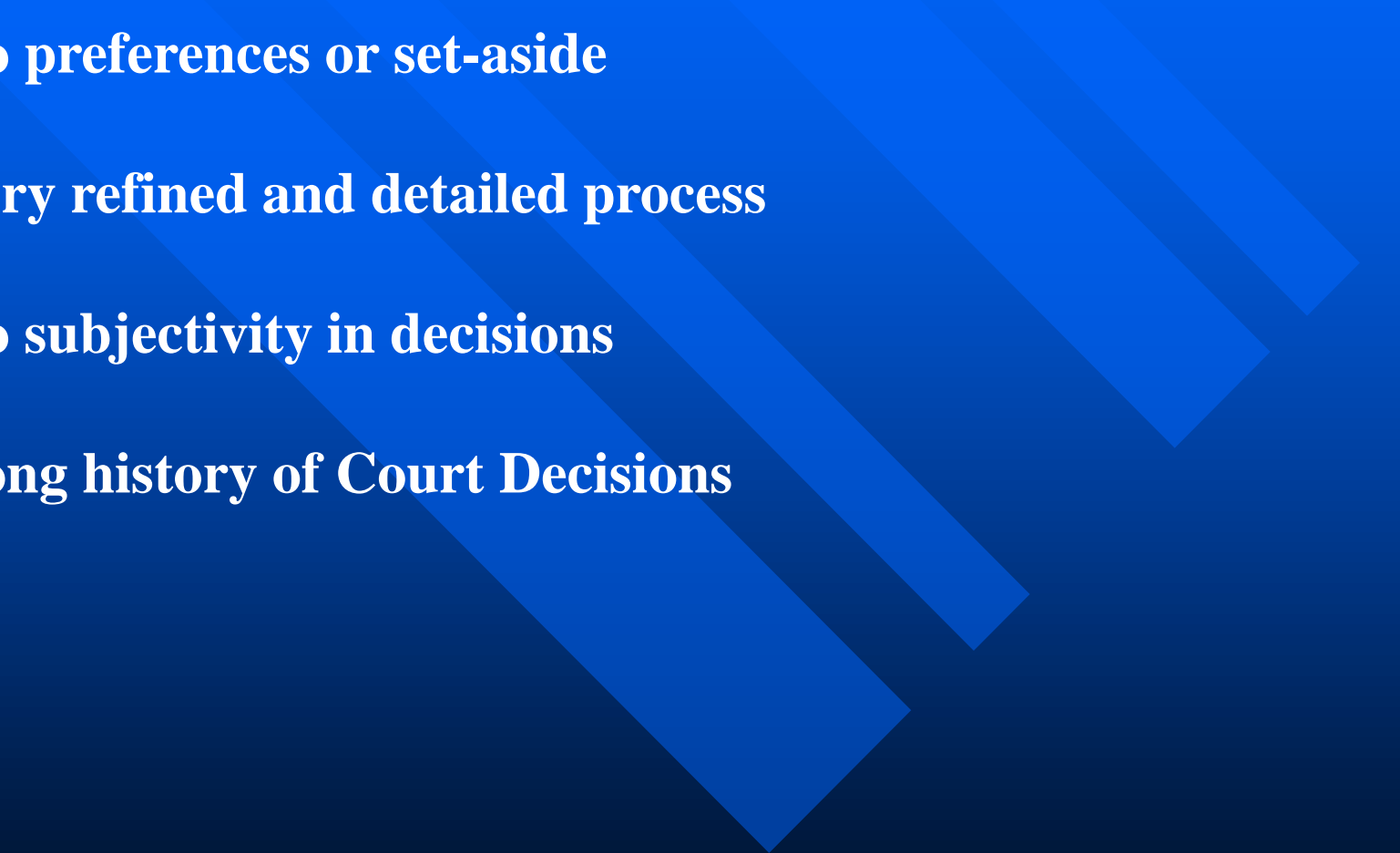
Procurement Model



- **Model is often misunderstood**
 - **Not designed to get best price**
 - **Designed to ensure open & fair Competition**
- **Both centralized and decentralized**
- **Most restrictive procurement laws in the nation**
- **Lowest bid limit of any state in nation**
- **Considerable dollars left (*no best value*)**

Value of Model

A horizontal dotted line consisting of 20 dots, transitioning from light green on the left to light purple on the right, ending with a small blue triangle pointing right.

- **No preferences or set-aside**
 - **Very refined and detailed process**
 - **No subjectivity in decisions**
 - **Long history of Court Decisions**
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- A series of four parallel diagonal stripes in shades of blue, running from the top-left towards the bottom-right, positioned behind the list of bullet points.

What Does Purchasing Do



- Agent between those who need to buy something and those who want to sell something
- Use the guide lines established in competitive sourcing laws
- Use Standard Operating Procedure
 - Fiscal Procedures Manual
 - Administrative Code of Alabama
- Do what is right: Morally, Ethically, and Legally

Agencies With Own Procurement Authority



- **Department of Mental Health/Retardation**
- **State Port Authority of Alabama**
- **Retirement Systems of Alabama**
- **Colleges and Universities**

Things Purchasing Doesn't Buy

A horizontal dotted line consisting of 20 dots, transitioning from light green on the left to light purple on the right, ending with a small blue triangle pointing to the right.

- **Alcoholic Beverages**
 - **Public Works (\$50, 000)**
 - **Road Construction Projects**
 - **Professional Services**
 - **Non-Commodity Purchases**
- 
- A series of four thick, parallel blue diagonal stripes running from the top-left towards the bottom-right, positioned behind the list items.

Agency Authority



- Determine what is necessary to operate your Agency
 - Expenditures under \$500 (*Section 41-16-24 (c)*)
- Initiate the Purchasing Process
 - Collect Open-Market Quotes
- Evaluate bid results for compliance to specifications
- Recommend Award to State Purchasing

Classification of Purchases

A horizontal dotted line consisting of 20 dots. The first 10 dots are light green, and the remaining 10 dots are light blue. A small blue triangle points downwards at the end of the line on the right side.

- **Non-Commodity Purchase**
 - **Commodity Purchase**
 - **Services Purchase**
- 
- A series of four parallel diagonal stripes in a medium blue color, running from the top-left towards the bottom-right, positioned behind the list items.

Purchase of Personal Property



- **Commodity Definition**
- **Bidding Exception –**
 - **Non-Commodity**
 - **Exception by Authority**
 - **Sole Source**
 - **Non-biddable by Nature of Request**
 - **Professional Services**

Purchase of Personal Property

- Continued -

- Purchasing Process
- Purchase Types – Bid Limit
 - Type 1 --- $>\$500$, but $<\$7,499.99$
(requires two quotes)
 - Type 2 --- $\geq\$7,500.00$
(must be competitive bid)

Purchase of Personal Property

- Continued -

- Document Types
 - Requisitions -- PR_
 - Open End/Local Delivery – OP_ / LD_
 - Annual Agreement – AN_
 - Solicitation -- SOL

Purchase of Personal Property

- Continued -

- Awards
 - Purchase Order -- PO
 - Term Contracts [*STC & ATC*]
 - ❖ Statewide – “T” or Agency specific – “TA”
 - ✓ Notice of Award
 - ✓ Contract Release Order – REL
 - ✓ Assignment of Contracts

Emergency Purchases



- Under \$7,500
 - Electronic Telephone Authorization
 - ✓ \$500 - \$3,499.99 ---- 1 written quote
 - ✓ \$3,500.01 - \$7,499.99 – 2 written quotes
- \$7,500 and over
 - Code of Alabama, 1975 - Section 41-16-23
 - [Real Property – Section 39-2-2(e)]

Procurement Issues



- **Purchase Negotiations**
- **Replacement of Defective Parts & Equipment**
- **Breach of Contract – [*either party*]**
- **Commodities on Consignment**
- **Penalties for Receiving gifts and/or Beneficial Interest**

Procurement Issues

- Continued -

- **Purchasing's Web Site Use**
- **Fiscal Procedures Manual**

- ❖ **RFP for Professional Services**

Contrast & Compare

ITB vs. RFP

- Definition
- Evaluation
- Award



Invitation To Bid

■ Working Definition –

- An ITB is used when both the problem and the correct solution are known
- Both are defined through specifications, and a cost is requested
- A statement of quality is often used to define a required quality level



Invitation To Bid

(continued - 2 of 3)

■ Evaluation –

- A supplier either meets the published requirements or doesn't
 - » One can not meet requirements better than another
- Begin with the apparent lowest responsible bidder
 - » Evaluate to determine if it meets the published requirements
 - » All evaluation is based upon the published specifications

Invitation To Bid

(continued - 3 of 3)

■ Award–

- A recommendation for award is made by Agency to Purchasing
 - » A Purchase Order is then created
- Supplier receives a copy and ships
 - » Procurement is completed at this point
 - Unless defective or incomplete

Request For Proposal

- Defined in Code of Alabama, 1975 §§41-16-71 & 72
- To be used in Alabama for Professional Services ONLY
 - Question on PS - Finance Director with advice from AG
 - §41-16-72 (5) requires that only the Professional Service may be purchased by RFP – all other subject to §41-16-20
- To be conducted by each State Agency



Request For Proposal

(continued – 2 of 6)

- **Must request a list of registered suppliers from Purchasing**
 - Says *‘shall solicit proposals from the professional service providers ...’*
- **Contact Tamara Norman at (334) 242-7250 or by Email at Tamara.Norman@purchasing.alabama.gov**
 - List may be helpful to you or it may not
- **May add to as determined necessary – be careful in removing suppliers**

Request For Proposal

(continued – 3 of 6)

■ Working Definition –

- An RFP is used when only the problem is known
 - » Variable solutions may be desired or acceptable
- The RFP should contain all the Terms and Conditions, as is necessary for that Agency
- *And* a scope of work containing a complete definition of the problem to be solved

Request For Proposal

(continued – 4 of 6)

■ Evaluation –

- The Code says ‘*..shall select the professional service provider that best meets the needs ...*’
- May consider all proposals at one time – compare one to another
- Says ‘*... .price shall be taken into considerations.*’
- Must write an explanation if you choose a provider that is 10% above the lowest priced provider
- Defining the award criteria – do you or don’t you?

Request For Proposal

(continued – 5 of 6)

■ Award –

- Select the best choice of provider
 - » May negotiate \$-value of contract
- Develop a business contract between the State Agency and the selected provider
- All awards arising from RFPs are subject to Code of Alabama, 1975 §§29-2-40 through 29-2-4.3

Request For Proposal

(continued – 6 of 6)

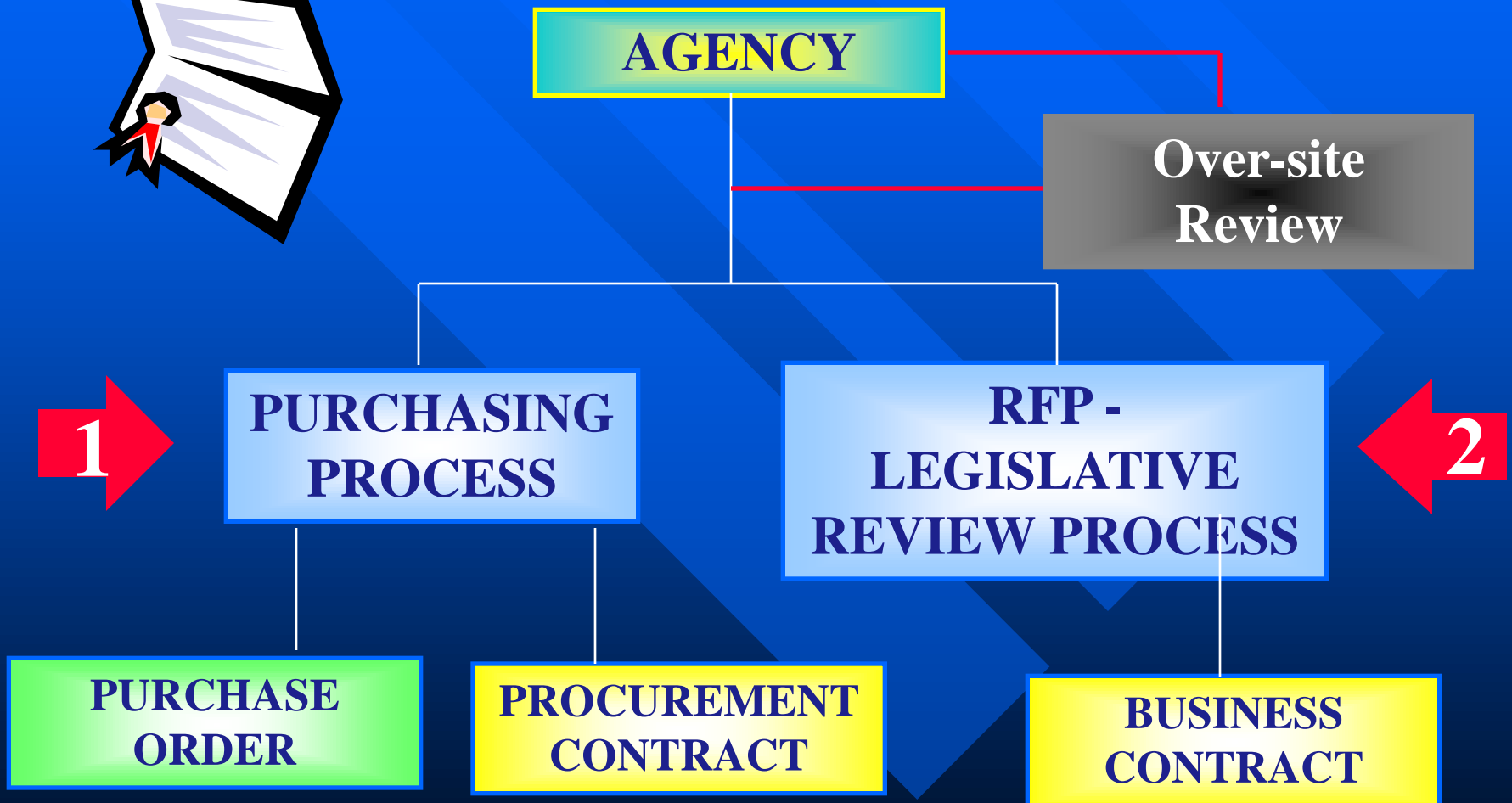
■ Sole Source

- Does not require the RFP process
- Code of Alabama, 1975 §41-16-75 requires the approval of the State Purchasing Director

■ Emergency

- Requires notification to Governor and the Attorney General
- Declaration is good for 60 days (*only*)

Types of Contracts



Act Number 2009-763



- **Accept Electronic Signatures**
- **Statewide Procurement Card Program**
- **Cost-sharing mechanism (*vendors, agencies,, & Joint Purchasing agreements*)**
- **Participate in government-based Joint Purchasing Agreements**
- **Make certain Multiple Awards**
- **Repealed antiquated Printing and Binding Laws**

Web Site Contents

- **Mission Statement**
- **Rules and Regulations**
- **Vendor Registration (*self-service*)**
- **List of *Active* Statewide Contracts**
- **Responses to 'Invitation-To-Bid'**
- **Invitation-To-Bid Awards**
- **Frequently Asked Questions**
- **Latest Purchasing News**
- **Location of Office**
- **Purchasing Staff**
- **Contract and Site Search**
- **Related Links**



State of Alabama Division of Purchasing



Internet Site Address

<http://www.purchasing.alabama.gov>

Telephone (334) 242-7250

QUESTIONS

