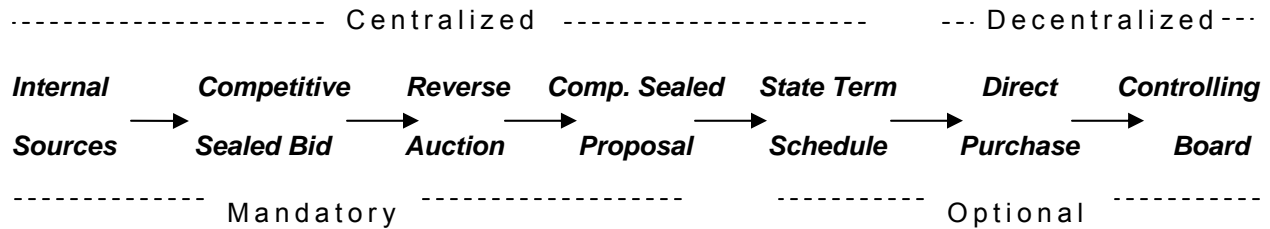


Non-IT Procurement Methods

The Ohio Department of Administrative Services, Office of State Purchasing is responsible for the centralized procurement of supplies and services (with the exception of computer related items and services) used in the daily operations of most state agencies. The choice of procurement method is a critical decision in purchasing a supply or service. While in some cases Ohio law dictates which method must be used, other circumstances allow discretion on the part of the procurement professional. This section describes why and how certain methods are used.

In general, agencies must first consider centralized procurement methods before attempting the purchase directly under their own authority. There are five centralized procurement methods and two overall categories of decentralized methods, as explained in the following summary and flow chart.



Internal Sources (State Resources). Prior to DAS making a purchase, the agency must first determine if the supply or service is available from State resources. If so, law requires that agencies must first purchase the item from Ohio Penal Industries (OPI), the State Use Program, or Rehabilitation Services Commission. Institutional agencies are required to purchase certain food and pharmaceutical items from the Department of Mental Health, Office of Support Services, Central Pharmacy and Warehouse. For items available through these state resources, the agency must purchase from these sources or obtain a waiver. Finally, the agency must determine if the need can be fulfilled from an existing DAS contract. See Chapters 2 and 3.

Competitive Sealed Bids CSB. Once a determination is made that state resources cannot fill the need, DAS will consider making the purchase through Competitive Selection. The preferred method of Competitive Selection is to issue an Invitation to Bid (ITB) to accept Competitive Sealed Bids (CSB's). Types of contracts resulting from ITB methods include:

- One Time Purchases for needs that are agency specific and will only be purchased once;
- Term Contracts that reflect repetitive purchases of one or more agencies over a period of time (i.e. 1-3 years); and
- Multiple Award Contracts (MAC's) that list more than one supplier of similar items.

Price is a primary factor for these bids, and contracts are awarded to the lowest responsive and responsible bidder.

Reverse Auction. DAS may use a second form of Competitive Selection known as reverse auction when it is most advantageous to the state. A reverse auction is a real-time purchasing event that is conducted over the Internet. Interested bidders submit responses in a manner similar to those in an ITB, with the exception that no prices are included. Those bidders whose products or services meet the specifications are invited to the reverse auction event. During the event, bidders may submit multiple prices electronically over a short time period, with the lowest cost winning. Reverse auctions are often advantageous for items of definite quantity and definite delivery. Price is a primary factor in the award.

Competitive Sealed Proposal (CSP). If DAS determines that price should not be the primary consideration in awarding the contract, DAS may issue a Request for Proposal (RFP) to solicit Competitive Sealed Proposals (CSP's). The RFP is a third form of Competitive Selection that allows factors such as experience, performance, etc., to be scored directly and used to determine the awardee. Contracts are awarded to the vendor offering the best value to the state. Technology and professional services are areas where RFP's are frequently utilized.

State Term Schedule/Master Maintenance Agreement. The State Term Schedule (STS) and Master Maintenance Agreement (MMA) are utilized when DAS determines that use of the ITB, reverse auction, or RFP is not in the best interest of the State. The STS and MMA are contracts negotiated directly with a manufacturer or service provider or their authorized agent. Upon accepting the state's terms and conditions, companies may offer their federal General Services Administration (GSA) pricing or, if they do not hold a federal GSA contract, may offer their best available commercial pricing. Unlike the above listed contracts, STS and MMA contracts are not mandatory use contracts. Examples of STS contracts include computers, copiers, carpet, hardware items and heavy equipment. Examples of MMA's include maintenance for copiers and computer hardware.

Direct Authority. Agencies may make purchases of supplies up to \$31,300 and services up to \$62,600 per purchase. Requests above these limits must be forwarded to DAS. If DAS determines that it is not possible or not advantageous to make the purchase, the agency will be given a Release and Permit. The agency may then make the purchase under its direct authority. The agency is required to follow guidelines for competitive selection when they make direct purchases. See Chapter 6.

Controlling Board. When direct purchases exceed the cumulative annual threshold, agencies must seek approval from the state's Controlling Board to make any further purchases. The cumulative annual threshold means any agency purchases under Step 6 above with a particular vendor in one fiscal year. For institutional agencies (Departments of Rehabilitation & Correction, Youth Services, Mental Health and Mental Retardation & Developmental Disabilities) this dollar threshold is \$75,000 per fiscal year. For all other agencies the dollar threshold is \$50,000. See Chapter 8, section 8.9.

Should you have questions regarding the purchase of goods and services, please feel free to contact DAS, General Services Division, Office of State Purchasing at (614) 466-8218.