



May 3, 2018

MEMORANDUM

TO: University Community
FROM: Supply Management Administrator
Subject: Procurement Guidelines

Re: University of Guam (UOG) Procurement Manual (approved by the Board of Regent on July 19, 1994)

Purpose: To provide procurement guidelines for efficient processing of purchase orders and decrease non-compliance findings by external auditors.

Background: The UOG Procurement Manual (Regulations) requires us to document our procurement actions and comply with the 5GCA Government Operations Chapter 5 Guam Procurement Law. There are occasions when the requesting units do not comply with the Procurement Manual and do not sufficiently document their procurement actions, i.e. documentation of quotes, insufficient quotes solicited, justification for sole source procurement not documented, etc. These non-compliances are evident by the procurement findings may lead to questioned costs, exposing the University to financial liability. You may have also noticed that Procurement Office has returned requisition due to non-compliance with the procurement manual.

Please review the attached procurement guideline. Your cooperation in following the procurement requirements will speed up our processing of your purchase and instances of non-compliance and questioned cost. Please direct any questions or concerns to the Supply Management Administrator at 735-2925.

For the University of Guam
Vicente T. Borja
Supply Management
Administrator

PROCUREMENT GUIDELINES

I. Outline of the Procurement Process

1. Requesting Department:

- a. Determine supplies or services needed.
- b. Solicit quotes or bids (attach to purchase order for documentation). Select a vendor.
- c. Department Head approves purchase requisition by signing the purchase order.
- d. Forward to Procurement Office

2. Procurement Office:

- a. Perform compliance review of procurement regulations.
- b. Procurement Officer signs purchase order and assigns purchase order number if required procurement documentation is complete. If not, return to requesting department for more documentation.
- c. Forward to Business Office.

3. Business Office:

- a. Check budget if funds are available to purchase supplies or services requested.
- b. Accountant signs purchase order if purchase is within the budget. If not, check with Comptroller.
- c. Forward to Comptroller.

4. Comptroller's Office

- a. Overall review of purchase order for to ensure compliance with procurement regulations and funds are available to purchase supplies or services. If not, return to procurement office or business office for more documentation or information.
- b. Forward to procurement for purchase order dissemination.

5. Requesting Department

- a. Receive goods and invoice. Furnish receiving report to Business Office to process payment to vendor.

Notes:

1. Normal processing time from Procurement Office to Comptroller will remain at five (5) working days, provided all required documents are attached. Seasonal variances should be taken into account (i.e. registration, year-end closing, budget preparation and audit).
2. Above process represents current manual processing of purchases.
3. Approval of PO by Comptroller does not apply to Land Grant purchases (Fund 51).

II. Relevant Procurement Regulations Sections

Note: Sections listed below are excerpts obtained from the UOG Procurement Manual, Revised February 17, 1994.

§ 1.2: Policy in Favor of Planned Procurement:

All procurement of supplies and services shall, where possible, be made sufficiently in advance of need for delivery or performance to promote maximum competition and good management of resources.

§ 1.2.1.2: Use of Functional or Performance Descriptions

The end user must determine the minimum needs of the goods or services that are being purchased. These needs should be written down in purchases of complex goods or services. The needs must be described in generic terms. For example, the need may not be described as a four-door sedan. They may not be described as a Honda Civic.

§ 1.6: Procedures and Guidelines for Compliance with the Policy Against Advance Payments: *To establish University procedures and guidelines for compliance with 5 GCA §5007. See attached Procedures and policy.*

§ 1.7: Local Procurement Preference:

All procurement of supplies and services shall be made from among businesses licensed to do business on Guam and that maintain an office or facility on Guam.

Procurement of supplies and services from off-Guam may be made if no local agent for such supplies or services may be found on Guam or if total cost from off-island is not greater than eighty-five percent (85%) of the total cost when procured from a local source.

§ 3.9.14.7: Biodegradable, Reusable, Recyclable or Recycled Products

The regulations permit purchase of biodegradable, reusable, recyclable, or recycled products with cost which is ten percent (10%) greater than non-biodegradable, non-reusable, non-recyclable, or non-recycled products.

§ 3.27.3: Record of Procurement Actions

The regulations require us to maintain complete records of all procurement transaction. Records include meeting minutes of a particular procurement; log of communications of potential bidders, vendor, between government employees etc; sound recording of pre-bid conferences; brochures and submittals of potential vendors; determination of need.

III. SUMMARY OF PROCUREMENT METHODS AVAILABLE and SOLICITATION REQUIREMENTS

1. Small Purchase below \$2,000:

Below \$2,000 for Operational Purchase & Construction

Below \$2,500 for Laboratory and Research Supplies and Equipment

Requirement: We are required to solicit one bid, although additional quotes are encouraged.

Acceptable Quote Documentation: (a) Facsimile quote. (b) Written quote delivered by vendor. (c) UOG Memo documenting oral quotation by vendor - must include vendor name, vendor representative, date, amount of quote. (d) Internet printout. Source: BOR Resolution 18-08

2. Small Purchase between \$2,000 & \$25,000:

Between \$2,000 & \$25,000 for Operational

Purchases Between \$2,500 & \$25,000 for

Laboratory and Research supplies/equipment

Between \$1,500 & \$100,000 for Construction

Requirement: The regulations require no less than three written or oral quotes from businesses. This generally requires that specifications be faxed to at least three vendors. Award shall be made to the lowest responsible and responsive bidder. Acceptable Quote Documentation: (a) Facsimile quote. (b) Written quote delivered by vendor. (c) UOG Memo documenting oral quotation provided by vendor - must include vendor name, vendor representative, date, amount of quote. (d) Internet printout. (e) Facsimile confirmation to show solicitation was sent to a non-responsive vendor.

Source: UOG Procurement Manual §3.11.3.1, BOR Resolution 18-08

3. Competitive Sealed Bidding:

Purchase over \$25,000 for Operational Purchases

Purchase over \$100,000 for Construction

Requirement: This is the preferred method for the procurement of supplies, services, or construction. Invitation for bid shall be mailed or furnished to sufficient number of vendor to secure competition. Vendors must be given fifteen (15) working days to respond (unless unusual circumstances prevail, reason must be documented). Bids above \$25,000 must be advertised in the newspaper at least once and at least seven (7) days before bid due date. Bids must be opened publicly at a location specified in the IFB (Invitation for Bid).

Acceptable Quote Documentation: Written quotes delivered by vendor to the Procurement Office.

Source: UOG Procurement Manual §§ 3.9, BOR Resolution 18-08

4. Competitive Selection Procedures for Professional Services (Architecture, Engineering, Land Surveying, Environmental Assessment, Accounting, etc.)

Requirement: Requirements for services will be in the form of a Request for Proposal (minimum information required is listed in §3.14.6.1). Adequate public notice shall be made at least ten (10) days before proposals are due.

Acceptable Quote Documentation: Proposals submitted by vendor to Procurement Office. Source: UOG Procurement Manual §3.14

5. Sole Source Procurement

Requirement: All sole procurements require written explanation as to why no other bidder will be suitable or acceptable to meet the need. Sole source procurements are allowed only in five (5) situations: (1) compatibility of equipment, accessories, or replacement parts is of paramount consideration, (2) sole supplier's item is needed for trial use or testing, (3) sole supplier's item is to be procured for resale, (4) public utility services are to be procured, (5) supplies are offered through bankruptcy or receivership sales, or other disposition at lower than prevailing market prices. Acceptable Quote Documentation: (a) Facsimile quote. (b) Written quote delivered by vendor. (c) Internet printout.

Source: UOG Procurement Manual §§ 3.12, 3.12.2 (see attach for Sole Source Procurement Policy)

6. Emergency Purchases

Requirement: The regulations require at least three (3) informal price quotations. Emergency condition is a situation which creates threat to public health, welfare, or safety due to flood, earthquake, epidemic, typhoon, or other reasons as proclaimed by Governor creating an immediate and serious need for supplies, services, or construction that cannot be met through normal procurement method threatening (1) functioning of the University, (2) preservation or protection of property, or (3) health or safety of any person.

Acceptable Quote Documentation: (a) Facsimile quote. (b) Written quote delivered by vendor. (c) UOG Memo documenting oral quotation provided by vendor - must include vendor name, vendor representative, date, amount of quote. (d) Facsimile confirmation to show solicitation was sent to a non-responsive vendor.

Source: UOG Procurement Manual §§ 3.13, 3.13.2

7. Procurement from Non-Profit Corporations

Requirement: A contract may be awarded for supply or service without competition when contractor is a non-profit corporation employing sheltered or disabled workers. Contractor, as condition of the award, must certify labor on the project will be performed by disabled persons (supervisory positions do not have to be disabled). Acceptable Quote Documentation: (a) Facsimile quote. (b) Written quote delivered by vendor. Vendor need to provide certification non-profit corporation status and employment of sheltered or disabled workers.

Source: UOG Procurement Manual § 3.10

PROCEDURES AND GUIDELINES FOR COMPLIANCE WITH THE POLICY AGAINST ADVANCE PAYMENT

Purpose: To establish University procedures and guidelines for compliance with 5 GCA §5007 Policy Against Advance Payment to contractors, service providers and/or vendors.

Background: 5 GCA §5007 Policy Against Advance Payments states: “With the exception of off-island orders of the Department of Education, no procurement shall be made under this Chapter which shall require advance payment.

2 GAR Section §1103 Advance Payments Prohibited states: “No procurement shall be made which shall require advance payment unless authorized by law.”

Procedures and Guidelines: To comply with 5 GCA §5007 Policy Against Advance Payments, the following procedures will be implemented.

Should a unit need to make an initial payment to a contractor, service provider or vendor, the following must first occur:

1. The Dean/ Director seeks sufficient justification for an initial payment prior to the delivery of goods or services from the contractor, service provider or vendor.
2. The Dean/Director reviews the initial payment justification for compliance and need, then justifies and authorizes a request for initial payment in writing to the Business Office. The authorization must be attached to, or written under “Justification” on, the purchase order or the Request for Payment.
 - a. Examples of acceptable justification are reasonable initial payments to a vendor which may include, but are not limited to, costs for mobilization, preparations for providing goods and services, securing an order/ material/inventory for goods and materials.
 - b. A reasonable initial payment is one that is customary for the types of goods and services being procured.
 - c. Units should limit the amount and frequency of initial payments, wherever possible.
3. Upon final approval of the initial payment justification and purchase order by the Comptroller: either the Business Office will issue a check or, when requested and authorized, the Business Office will pay through bank transfer or credit card.
4. The Dean/ Director authorizing the advance payment is responsible for ensuring that receiving reports, vendor invoices and other pertinent documents needed to close the advance payment are submitted to the Business Office no more than 30 days from the receipt of goods or services. Units that do not comply with this procedure shall be subject to limits on their ability to have further initial payments authorized, as determined by the VPAF.

SOLE SOURCE PROCUREMENT PROCEDURE

Purpose and Requirement: The University's Procurement Manual under Article 3.12 states: "A contract may be awarded for a supply, service or construction item without competition when the provisions of this section (Article 3.12) are met, provided that the President or his designee above the level of University of Guam Dean/Director determines in writing that there is only one source for the required supply, service or construction item." In view of that, **the President has designated the Vice President of Administration and Finance (VPAF), or the Comptroller in the absence of the VPAF, to review and approve all sole source procurement requests.**

Request for Sole Source Procurement: Accordingly, any UOG unit or department seeking to procure via the provision of the sole source procurement shall provide the written justification for sole source procurement determination by indicating the need to purchase from a sole source vendor or an explanation as to why no other vendor will be suitable or acceptable to meet the need. Note: In cases of reasonable doubt, competition should be solicited by units or departments.

The attached Sole Source Sheet shall be used as the written determination as required. Sole source procurement is not permissible unless a requirement is available from only a single supplier. Below is the suggested procedure for the routing of Sole Source Procurement requests:

1. All sole source procurement requests require written explanation indicating a true sole source vendor or why no other bidder or offeror will be suitable or acceptable to meet the need.
2. A statement from the supplier stating that they are the only supplier for the supply, services or construction attached to the Sole Source Sheet.
3. Sole source procurements are allowed only in five (5) situations:
 - Compatibility of equipment, accessories, or replacement parts is of paramount consideration;
 - Sole supplier's item is needed for trial use or testing;
 - Sole supplier's item is to be procured for resale;
 - Public utility services are to be procured;
 - Supplies are offered through bankruptcy or receivership sales, or other disposition at lower than prevailing market prices.
4. Fill out the attached sole source sheet to document the sole source procurement. The sheet will be part of the procurement files.