



# OPERS Procurement Policy and Procedures Manual

Revised/Effective May 1, 2017

Effective June 1, 2011



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## **OPERS Procurement Policy and Procedures Manual Acknowledgment Form**

This Procurement Policy and Procedures Manual describes important information about the procurement process. I understand that I should contact the Procurement Office staff regarding any questions not answered in this Manual.

I understand that it is my responsibility to read and comply with the policies and procedures contained within this Manual.

This form acknowledges that I have received and read the Procurement Policy and Procedures Manual. Furthermore, I agree to abide by all policies and procedures as outlined in the Manual.

Please sign and return this form to the Procurement Assistant in the Procurement Office located on the 10<sup>th</sup> floor.

Employee's Name (Please Print): \_\_\_\_\_

Employee's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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## A. SCOPE

**All purchases with a cost of greater than \$5,000 must go through the Procurement Office.**

This Policy and Procedures Manual (the “Manual”) governs the purchase of goods and services for official OPERS business use, subject to any exceptions or exclusions set forth herein. The primary purpose of this Manual is to ensure uniform procurement of goods and services throughout OPERS, while maintaining the transparency, fairness, efficiency, and integrity of the procurement process. OPERS shall act in good faith in the purchase of all goods and services.

Notwithstanding any dollar thresholds contained in this Manual, all contracts and/or terms and conditions of any nature must be submitted to the OPERS Legal department (“Legal”) for review and approval prior to execution of the contract, regardless of dollar value.

## B. DEFINITIONS

1. **Authorized Purchaser** – The Procurement Manager, Procurement Agent, Procurement Assistant, or Requestor.
2. **Committed Cost** – The anticipated total cumulative cost of all goods or services which OPERS is obligated to purchase under a procurement contract, including all renewals of the contract. For example, if an anticipated contract commits OPERS to purchase goods or services for a five (5) year term, the anticipated cost to OPERS for the entire five (5) year contract term is the “Committed Cost”, which should be used to determine whether a PQ or an RFP selection process is required under this Manual.
3. **Common Use Goods** – Office supplies that are commonly maintained in the central supply section of Office Services. These items include, but are not limited to, standard office supplies, desk accessories, toner cartridges, envelopes, binders, batteries, and janitorial supplies. A list of Common Use Goods is available on the iNET for review.
4. **Final Approved** – A purchase requisition has successfully moved through the applicable procurement approval tree, the purchase has been approved by the appropriate managerial staff, and funds are confirmed in the budget.
5. **Fully Executed** – Procurement documentation has been reviewed by Legal, its comments have been adopted by the vendor(s) or successful negotiations have been concluded between both parties regarding the comments, and signatures have been obtained by authorized representatives of OPERS and the vendor(s).
6. **Goods** – Property or products, including Common Use Goods and Non-Common Use Goods.
7. **Non-Common Use Goods** – Property or products not commonly maintained in the central supply section of Office Services. These items include, but are not limited to, equipment, furniture, seating, subscriptions, professional dues and registrations.
8. **Online Purchase Request Form** – An application on the OPERS intranet used by a Requestor to alert the Procurement Office of a purchase request.
9. **PO** – A purchase order.

## B. DEFINITIONS *(continued)*

10. **PQ** – A price quotation.
11. **Procurement Agent** – The OPERS employee who reports directly to and assists the Procurement Manager within the Procurement Office.
12. **Procurement Assistant** – The OPERS employee who reports directly to the Procurement Manager and assists both the Procurement Manager and Procurement Agent within the Procurement Office.
13. **Procurement Manager** – The OPERS employee who heads the Procurement Office.
14. **Procurement Office** – The Procurement Manager, Procurement Agent, and Procurement Assistant and their physical location within the OPERS building.
15. **Project Team** – OPERS decision makers who are typically involved in purchase requests for goods and services that require a formal PQ or RFP selection process. This group usually consists of the Requestor, Managers, Assistant Directors, and/or Directors within the department requesting the purchase, but may also be cross-departmental in nature. The Project Team is also involved in negotiating terms and conditions with vendors.
16. **Purchasing Documentation** – The documentation that supports a purchase decision. These items include, but are not limited to, vendor prices quotes, RFP responses, RFI responses, single source justifications, evaluation criteria, decision matrices, and when appropriate, fully executed purchase agreements, service and maintenance agreements, and contracts of any nature relevant to the purchase.
17. **Receiving Documentation** – The documentation used to verify that conforming goods have been delivered and/or services provided to OPERS. These items include, but are not limited to, packing slips, bills of lading, common carrier delivery receipts, and service order acknowledgements.
18. **Requestor** – The OPERS employee who requests or initiates an order for goods or services within a particular department and serves as a liaison between that department and the Procurement Office.
19. **RFI** – A request for information.
20. **RFP** – A request for proposal.
21. **Services** – Means, but is not limited to, the furnishing of labor, time, or effort by a person or entity for non-legal services, temporary assistance, consultation, equipment repair, training, utilities, vehicle maintenance, and investment information feeds such as Bloomberg and Moody's.
22. **W-9 or Request for Taxpayer Identification Number and Certification** – A form that confirms a vendor has an established identity with the IRS. A W-9 must be on file for all vendors from which OPERS purchases goods or services.



## C. PROCUREMENT REQUIREMENTS

### 1. Non-Common Use Goods

- a. Non-Common Use Goods with a Committed Cost of less than \$5,000:

No PQ or RFP is required for the purchase of Non-Common Use Goods with a Committed Cost of less than \$5,000. Please note that while no competitive selection is required to be used for such purchases, Authorized Purchasers are encouraged to obtain purchase quotes or competitive proposals from vendors whenever possible. All costs for Non-Common Use Goods shall be competitive to the then-current market cost for such Non-Common Use Goods. Appropriate Purchasing Documentation is to be maintained by the Authorized Purchaser.

Notwithstanding the foregoing, all contracts and/or terms and conditions of any nature must be submitted to Legal for review prior to execution of the contract, regardless of dollar value.

- b. Non-Common Use Goods with a Committed Cost of \$5,000 or greater, but less than \$25,000:

PQs are required for the purchase of Non-Common Use Goods with a Committed Cost of \$5,000 or greater but less than the threshold of \$25,000 for use of the RFP selection process. **OPERS requires the Procurement Office to obtain and document a minimum of three price quotes.** If the Procurement Office is unable to obtain three quotes, an explanation of the reason for such inability shall be documented before proceeding with the available quotes. Appropriate Purchasing Documentation must be filed with the Procurement Office.

- c. Non-Common Use Goods with a Committed Cost of \$25,000 or greater:

The purchase of Non-Common Use Goods at a Committed Cost of \$25,000 or greater requires procurement through the written RFP selection process set forth in this Manual. **OPERS requires the Procurement Office to obtain and document a minimum of three responses to an RFP.** If the Procurement Office is unable to obtain three responses, an explanation of the reason for such inability shall be documented before proceeding with the available responses, after which selection of a vendor from the responses received is permitted. Appropriate Purchasing Documentation must be filed with the Procurement Office.

The threshold for RFPs for Non-Common Use Goods will be reviewed periodically and adjustments will be made when appropriate by the Financial Accounting staff. The \$25,000 threshold will be adjusted in increments of not less than \$5,000.

### 2. Common Use Goods

Authorized Purchasers shall obtain Common Use Goods from Office Services by submitting an office supply request form on the iNET. Office Services will fill the order from supplies maintained in inventory and will deliver the Goods to the Authorized Purchaser. OPERS associates are not permitted to access the central supply facility to obtain their own Common Use Goods. Office Services budgets for, and establishes and controls minimum inventory quantities for, all Common Use Goods. The Procurement Office will review the cost of Common Use Goods periodically. All costs of Common Use Goods shall be competitive to the then-current market cost for such Goods.

## C. PROCUREMENT REQUIREMENTS *(continued)*

### 3. Services

- a. Services with a Committed Cost of less than \$5,000:

No PQ or RFP is required for the purchase of Services with a Committed Cost of less than \$5,000. Please note that while no competitive selection information is required, Authorized Purchasers are encouraged to obtain competitive proposals whenever possible. Appropriate Purchasing Documentation is to be maintained by the authorized purchaser. All costs of Services shall be competitive to the then-current market cost for such Services.

Notwithstanding the foregoing, all contracts and/or terms and conditions of any nature must be submitted to Legal for review prior to execution of the contract, regardless of dollar value.

- b. Services with a Committed Cost of \$5,000 or greater but less than \$50,000:

PQs are required for the purchase of Services with a Committed Cost of \$5,000 or greater but less than the threshold of \$50,000 for the use of the RFP selection process. **OPERS requires the Procurement Office to obtain and document a minimum of three price quotes.** If the Procurement Office is unable to obtain three quotes, the reason for such inability shall be documented before proceeding with the available quotes. Appropriate Purchasing Documentation must be filed with the Procurement Office.

- c. Services with a Committed Cost of \$50,000 or greater:

The purchase of Services with a Committed Cost of \$50,000 or greater requires procurement through the written RFP selection process set forth in this Manual. **OPERS requires the Procurement Office to obtain and document a minimum of three responses to an RFP.** If the Procurement Office is unable to obtain three responses, the reason for such inability shall be documented before proceeding with the available responses, after which selection of a vendor from the responses received is permitted. Appropriate Purchasing Documentation must be filed with the Procurement Office.

The threshold for RFPs for Services will be reviewed periodically and adjustments will be made when appropriate by the Financial Accounting staff. The \$50,000 threshold will be adjusted in increments of not less than \$10,000.

- d. Recruiting and Contract-to-Hire Services

Recruiting services can be categorized in three ways:

- (i) Engagement of a recruiter to conduct a search and screen candidates on behalf of OPERS.

This type of arrangement is subject to the procurement terms set forth in subsections 3. a-c above.

## C. PROCUREMENT REQUIREMENTS *(continued)*

### 3. Services *(continued)*

- (ii) Payment of a recruiting fee associated with a candidate presented by a recruiter that has not been retained by OPERS.

Provided that OPERS has not entered into an exclusive relationship with a recruiter as described in subsection 3.d.(i) on the previous page, and in lieu of using a PQ or RFP selection process, the procurement objectives of open opportunity and competition may be satisfied by posting the vacant job position on the [opers.org](http://opers.org) website under "Career Opportunities" for at least two (2) weeks, in conjunction with posting a notice under the "Vendor Opportunities" section of the website that invites recruiting firms to offer candidates for all job vacancies.

Once a suitable candidate is identified, the proposed recruiting fee must be evaluated against comparable transactions or benchmarks, taking into consideration the skill, experience, and availability of such candidates. If the recruiting fee exceeds \$5,000, a memo documenting the evaluation shall be included in the final purchasing documentation. Furthermore, normal contract review and approval procedures must be satisfied.

- (iii) Contract-to-Hire a candidate by combining a fixed contract period and rate with an option to hire, with or without a conversion fee.

Provided that OPERS has not entered into an exclusive relationship with a recruiter as described in subsection 3.d.(i) on the previous page, and in lieu of using a PQ or RFP selection process, the procurement objectives of open opportunity and competition may be satisfied by posting the vacant job position on the [opers.org](http://opers.org) website under "Career Opportunities" for at least 2 weeks, in conjunction with posting a notice under the "Vendor Opportunities" section of the website that invites recruiting firms to offer candidates for all job vacancies.

Once a suitable candidate is identified and the vendor has offered a contract-to-hire option, the proposed duration, hourly contract rate, and recruiting/conversion fee (if any) must be evaluated against comparable transactions or benchmarks, taking into consideration the skill, experience, and availability of such candidates. If the recruiting/conversion fee exceeds \$5,000, a memo documenting the comparison shall be included in the final purchasing documentation. Furthermore, normal contract review and approval procedures must be satisfied.

### 4. Combination of Goods and Services

- a. Combination of Goods and Services with a Committed Cost of less than \$5,000:

No PQ or RFP is required for the purchase of combined Goods and Services with a Committed Cost of less than \$5,000. Please note that while no competitive selection information is required, Authorized Purchasers are encouraged to obtain competitive proposals whenever possible. Appropriate Purchasing Documentation is to be maintained by the authorized purchaser. All costs of combined Goods and Services shall be competitive to the then-current market cost for such Services.

Notwithstanding the foregoing, all contracts and/or terms and conditions of any nature must be submitted to Legal for review prior to execution of the contract, regardless of dollar value.

## C. PROCUREMENT REQUIREMENTS *(continued)*

### 4. Combination of Goods and Services *(continued)*

- b. Combination of Goods and Services with a Committed Cost of \$5,000 or greater but less than \$50,000:

PQs are required for the purchase of combined Goods and Services with a Committed Cost of \$5,000 or greater but less than the threshold of \$50,000 for the use of the RFP selection process. **OPERS requires the Procurement Office to obtain and document a minimum of three price quotes.** If the Procurement Office is unable to obtain three quotes, the reason for such inability shall be documented before proceeding with the available quotes. Appropriate Purchasing Documentation must be filed with the Procurement Office.

- c. Combination of Goods and Services with a Committed Cost of \$50,000 or greater:

The purchase of combined Goods and Services with a Committed Cost of \$50,000 or greater requires procurement through the written RFP selection process set forth in this Manual. **OPERS requires the Procurement Office to obtain and document a minimum of three responses to an RFP.**

If the Procurement Office is unable to obtain three responses, the reason for such inability shall be documented before proceeding with the available responses, after which selection of a vendor from the responses received is permitted. Appropriate Purchasing Documentation must be filed with the Procurement Office.

The threshold for RFPs for Combination of Goods and Services will be reviewed periodically and adjustments will be made when appropriate by the Financial Accounting staff. The \$50,000 threshold will be adjusted in increments of not less than \$5,000.

### 5. Single Source Justification

Certain Services require the use of a service provider that not only can provide the desired Service, but also possesses organizational characteristics and/or knowledge that provide a unique advantage to OPERS. In many cases, a significant part of this advantage is based on the service provider's reputation or standing in the relevant industry. As an example, if OPERS wishes to engage an advertising firm, the reputation of the firm must be compatible with OPERS' reputation for excellence and integrity. Similarly, Goods that OPERS desires to purchase may only be reasonably available from a single source.

When OPERS, on a single-source basis, engages a Service provider or purchases Goods from a vendor, OPERS must document the justification for such a single source engagement or purchase, using a Single Source Justification document. Such documentation must be approved by the Division Director and the Director of Finance, and is to be retained by the Procurement Office. Single source procurements of the Finance Director must be approved by the Executive Director. Once all parties agree, OPERS need not use the applicable competitive selection process for that procurement.

Approvals of single source engagements or purchases apply only to the specific procurement so approved; they do not apply to additional or renewed procurements from that vendor. Subsequent purchases from the same vendor require additional single source justification documentation and approval.

## C. PROCUREMENT REQUIREMENTS *(continued)*

### 6. Expense Approval Limits

Standing dollar-limit authorizations for OPERS employees to submit purchase requisitions into the OPERS requisition management system are set forth below.\* Such purchase requisitions will follow the applicable selection process and approval tree for the procurement.

Staff - \$0

Supervisor - \$5,000

Manager - \$10,000

Assistant Director - \$100,000

Director - unlimited

*\*Some purchase requisition dollar limits are different than those listed above and are based on OPERS' business needs. In order to deviate from the dollar limits listed above, such deviation must be approved in advance in writing by the applicable Division Director.*

### 7. Vendor Information

- a. A W-9 or Request for Taxpayer Identification Number and Certification form must be obtained by an authorized purchaser and be on file before a PO is issued to a vendor.
- b. Authorized Purchasers must ensure that all vendors are established within the Microsoft Great Plains financial system before POs are issued or invoice processing is initiated.

## D. OPERATION OF SELECTION PROCESSES

The purchase of Non-Common Use Goods or Services shall not be divided into multiple lesser dollar amount transactions to avoid triggering the applicability of any of the procurement selection requirements set forth in this Manual.

### 1. Purchases of Non-Common Use Goods or Services Not Requiring a PQ or RFP

- Please see the flow chart on page 12, which sets forth the steps in the procurement approval tree for purchases with a Committed Cost of less than \$5,000.
- Contracts and/or terms and conditions of any nature relevant to the purchase must be submitted to Legal for review prior to execution of the contract.
- Changes requested by Legal should be made by the vendor prior to signing.
- Whenever possible, the vendor must sign the approved contract first, then the appropriate OPERS Director will countersign to execute the contract.
- A hard copy of the fully-executed contract must be filed with Legal and Legal will update the contract management database.

The Authorized Purchaser shall contact the vendor to obtain the appropriate Purchasing Documentation and pricing. Non-common Use Goods and/or Services shall be requested by an Authorized Purchaser creating and submitting a requisition in Microsoft Business Portal (Requisition Management). The requisition request shall identify the Authorized Purchaser's name, the date, and the division/unit requesting the purchase. When submitted, the requisition will be processed electronically according to the appropriate approval tree for processing based upon established dollar amount thresholds. The Authorized Purchaser will be notified electronically when the requisition is Final Approved. The Authorized Purchaser will then issue a PO to the vendor and place the order. Appropriate Purchasing Documentation will be maintained by OPERS' Accounts Payable department ("Accounts Payable").

Requisition requests will include:

- Non-Common Use Goods or Services description
- Vendor name
- Account/Activity codes to be charged
- Price
- Quantity
- Unit of measure
- Extended price
- Required date
- Any special instructions or comments

## **D. OPERATION OF SELECTION PROCESSES** *(continued)*

### **2. Purchases of Non-Common Use Goods or Services Requiring a PQ**

- Please see the PQ flow chart on page 13, which sets forth the steps in the procurement approval tree for purchases with a Committed Cost of \$5,000 or greater but less than \$25,000 for Non-Common Use Goods, or less than \$50,000 for Services or a combination of Goods and Services.
- Contracts and/or terms and conditions of any nature relevant to the purchase must be submitted to Legal for review prior to execution of the contract.
- Changes requested by Legal should be made by the vendor prior to signing.
- Whenever possible, the vendor must sign the approved contract first, then the appropriate OPERS Director will countersign to execute the contract.
- A hard copy of the fully executed contract must be filed with Legal and Legal will update the contract management database.

Price quotes to procure Non-Common Use Goods and/or Services are to be obtained through the Procurement Office. Requestors can contact the Procurement Office via telephone, email, or by completing an Online Purchase Request Form located as a quick link on the iNET home page. Submitted Online Purchase Request Forms will generate an email to the Procurement Office staff. The request will identify the Requestor's name, the date, and the division/unit requesting the purchase, as well as the specific information outlined above.

The Procurement Office will contact the Requestor to verify the vendor list and to review purchase specifications and selection criteria. The Procurement Office shall obtain written PQs from at least three vendors. Pursuant to sections C.1.b, C.3.b, and C.4.b on pages 3-6, if the Procurement Office is unable to obtain PQs from three vendors, a written explanation for such inability shall be included in the Purchasing Documentation.

Upon receipt of the PQs, the Procurement Office will contact the Requestor or Project Team to review the PQs and select a vendor. Once a vendor is selected, the Procurement Office will submit the contract and/or terms and conditions of any nature to Legal for review. Contracts must be fully executed and filed in Legal prior to the payment of any invoices. Legal will update the contract management database. Any associate who has edit rights for the contract management database is required to accurately and timely update the database.

When the executed contract is filed in Legal, the Requestor and Procurement Office will determine who will create and submit a requisition in Microsoft Business Portal (Requisition Management). Submitted requisitions will follow the appropriate approval tree for processing based upon established dollar amount thresholds. When the requisition is Final Approved, electronic notification will be sent to the Requestor or Procurement Office and a PO created and issued to the vendor to place the order. The Procurement Office will notify the unsuccessful vendors. Appropriate Purchasing Documentation will be maintained by Accounts Payable.



## D. OPERATION OF SELECTION PROCESSES *(continued)*

### 3. Purchases of Non-Common Use Goods or Services Requiring an RFP

- Please see the RFP flow chart on page 14, which sets forth the steps in the procurement approval tree for purchases of Non-Common Use Goods with a Committed Cost of \$25,000 or greater, Services of \$50,000 or greater or combinations of Goods and Services with a Committed Cost of \$50,000 or greater.
- Contracts and/or terms and conditions of any nature relevant to the purchase must be submitted to Legal for review prior to execution of the contract, along with a copy of the RFP from which the purchase will result.
- Changes requested by Legal should be made by the vendor prior to signing.
- Whenever possible, the vendor must sign the approved contract first, then the appropriate OPERS Director will countersign to execute the contract.
- A hard copy of the fully executed contract must be filed with Legal upon receipt and Legal will update the contract management database.

Requests for Proposals to procure Non-Common Use Goods or Services are to be obtained through the Procurement Office. Requestors can contact the Procurement Office via telephone, email, or by completing the Online Purchase Request Form located as a quick link on the iNET home page. Submitted Online Purchase Request Forms will generate an email to the Procurement Office staff. The request will identify the Requestor's name, the date, and the division/unit requesting the purchase, as well as the specific information outlined above.

The Procurement Office will contact the Project Team to verify the project timeline, vendor list, detailed purchase specifications, evaluation criteria, evaluation matrix or score card, selection team members, and vendor conference details, if applicable. The Procurement Office will incorporate this project-specific information into an approved RFP template and forward it to both Legal and the Project Team for review and approval. The procurement process described in the RFP must be followed once the RFP is issued.

The Procurement Office will post the approved RFP to the OPERS website and send an e-mail notification to all known potentially-qualified vendors. As outlined in the RFP, the Procurement Office will coordinate a vendor conference among vendors, the Procurement Office and the Project Team, as well as post questions and answers from the conference to the OPERS website.

***ATTACHMENT 1 hereto, "RFP Communications Protocols," imposes certain restrictions on communications between vendors responding to an RFP and OPERS. All vendors are restricted from communicating with OPERS in any manner, whether oral, written, electronic or otherwise, that a reasonable person would infer constitutes an attempt to unduly influence the award, denial, or amendment of a contract relating to the RFP, from the time the RFP is issued through final award and approval of the contract or termination of the RFP process.***

Upon receipt of written responses from at least three vendors, the Procurement Office will contact the Project Team regarding review of the RFP responses, completing the evaluation matrices or score cards, identifying possible items for negotiation, and selecting a vendor. Pursuant to sections C.1.b, C.3.b, and C.4.b on pages 3-6, if the Procurement Office is unable to obtain responsive proposals from three vendors, a written explanation for such inability shall be included in the Purchasing Documentation.



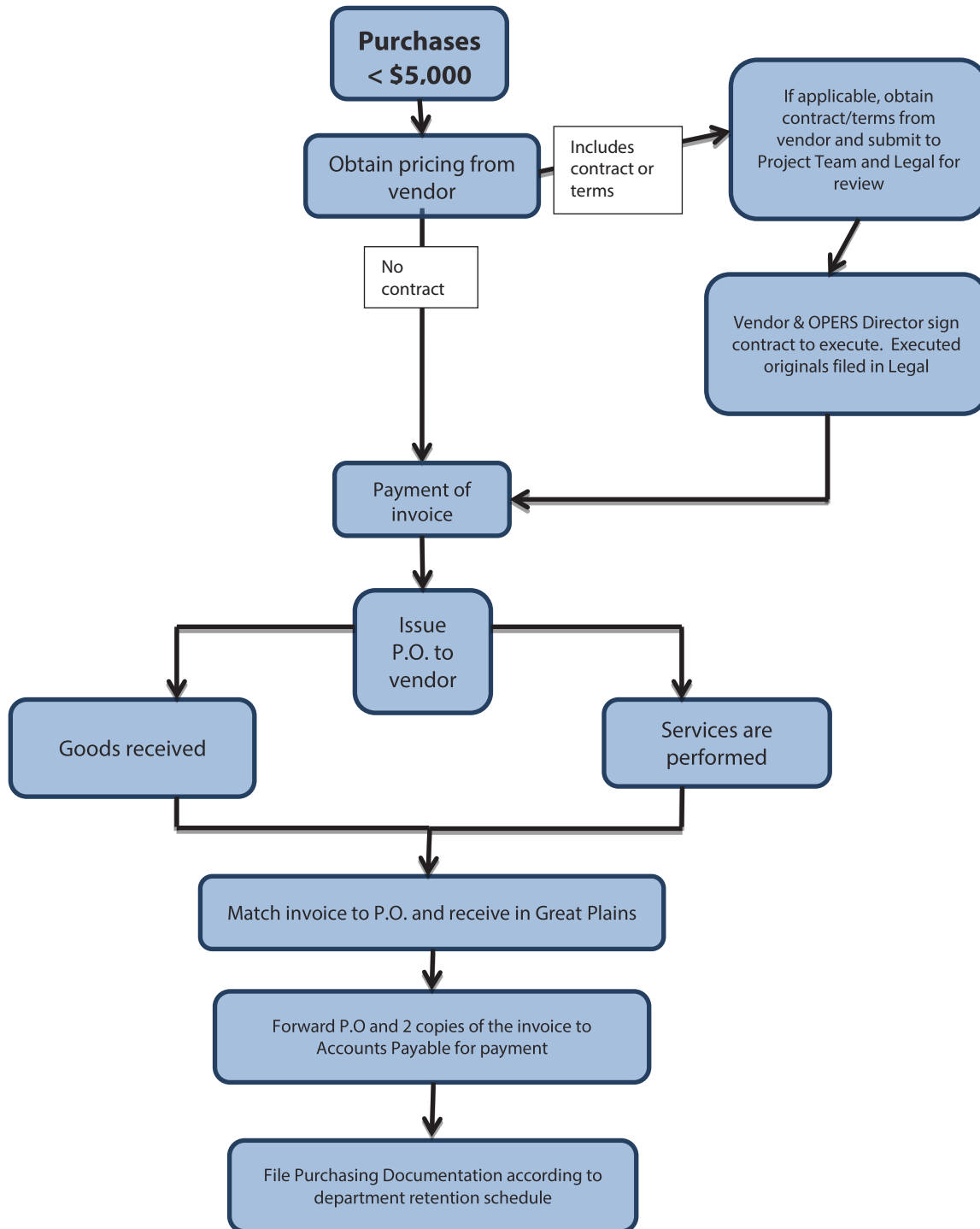
## **D. OPERATION OF SELECTION PROCESSES** *(continued)*

Once the ranking of finalists has been determined by the Project Team, evaluation matrices or scorecards should be submitted to the Procurement Office and the Procurement Office will contact the highest-scoring finalist to facilitate a sequential negotiation process and submit the resulting contract and/or terms and conditions of any nature to both Legal and the Project Team for review. If a contract is successfully negotiated as a result of the sequential negotiation process, the Procurement Office will submit the executed contract and/or terms and conditions of any nature to Legal to be filed prior to the payment of any invoices. Legal will update the contract management database.

When the executed contract is filed in Legal, the Requestor and Procurement Office will determine who will create and submit a requisition in Microsoft Business Portal (Requisition Management). Submitted requisitions will follow the appropriate approval tree for processing based upon established dollar amount thresholds. When the requisition is Final Approved, electronic notification will be sent to the Requestor or Procurement Office and the Procurement Office will create and issue a PO to the vendor to place the order. The Procurement Office will notify the unsuccessful vendors. Appropriate Purchasing Documentation will be forwarded to the Procurement Office. The Project Team will work directly with the vendor throughout the contract term as Services and/or Goods are provided.

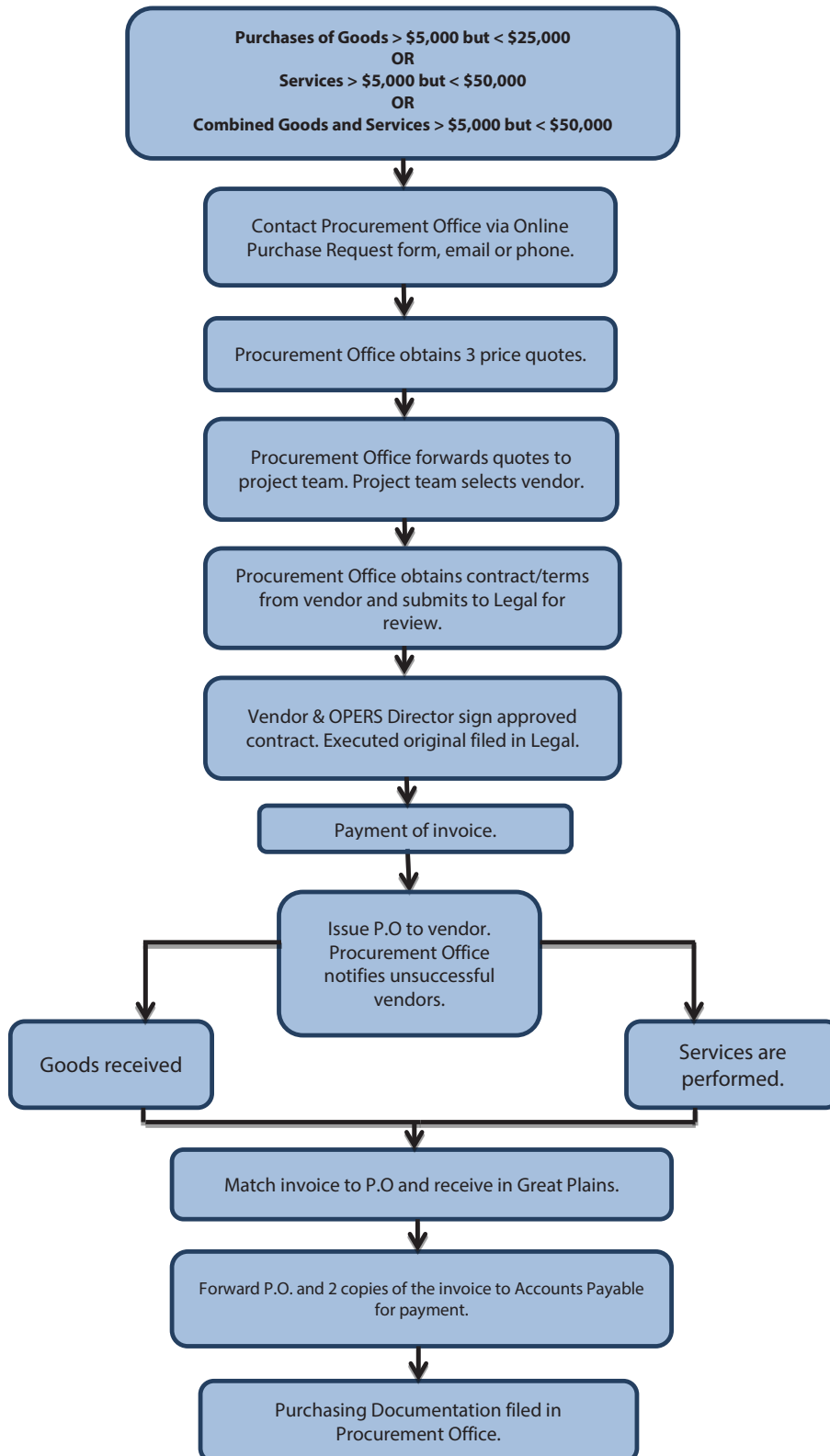
## D. OPERATION OF SELECTION PROCESSES *(continued)*

### Purchases of Non-Common Use Goods or Services Not Requiring a PQ or RFP



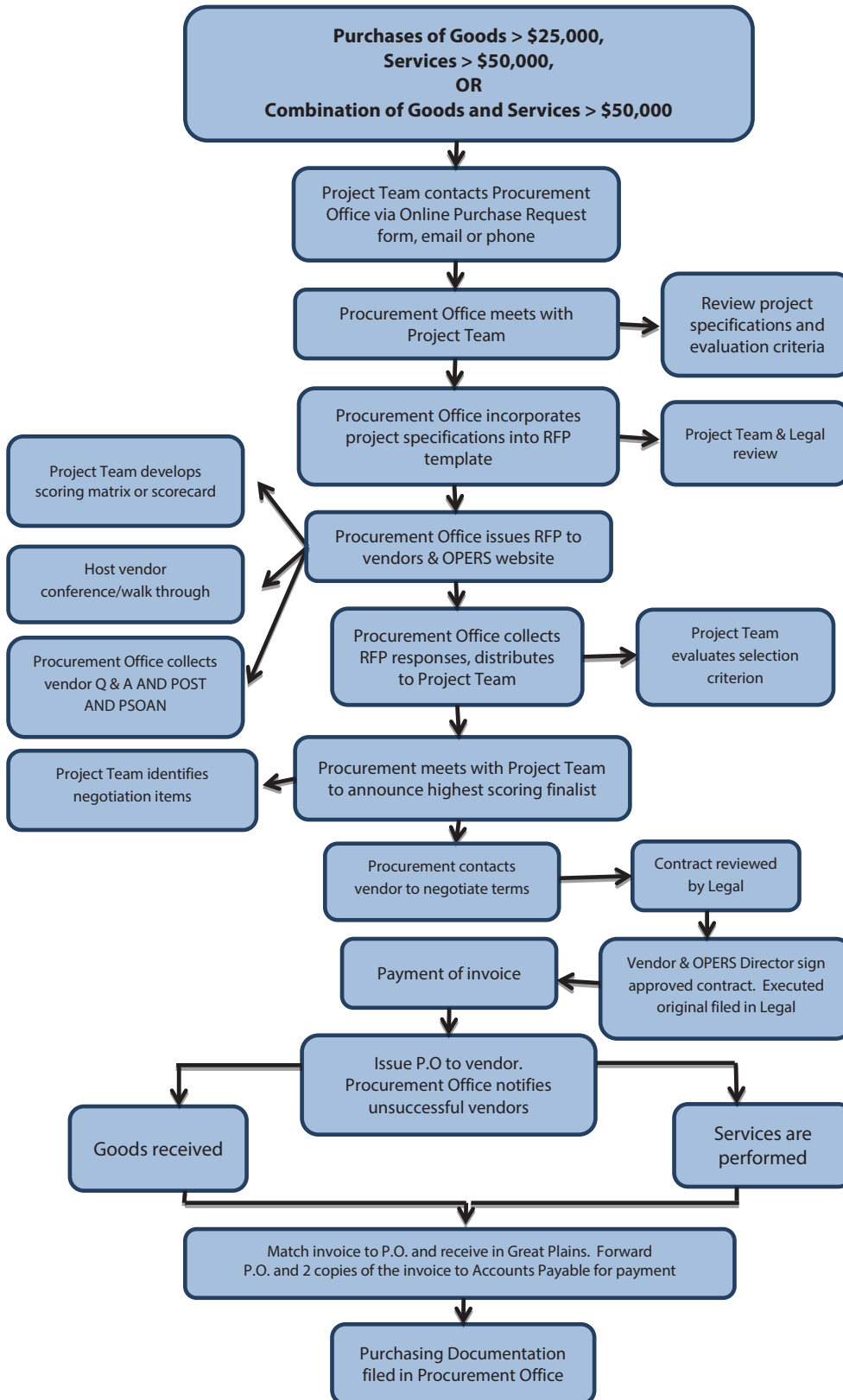
## D. OPERATION OF SELECTION PROCESSES *(continued)*

### Purchases of Non-Common Use Goods or Services Requiring a PQ



## D. OPERATION OF SELECTION PROCESSES *(continued)*

### Purchases of Non-Common Use Goods or Services Requiring an RFP



## E. REQUEST FOR INFORMATION

An RFI process may be used when OPERS does not possess information sufficient to adequately define specific Goods and/or Services to be purchased without obtaining additional information from potential vendors.

To issue an RFI, Authorized Purchasers must obtain an approved RFI template from the Procurement Office to solicit vendor responses. RFI requests should contain all relevant information and must be reviewed and approved by Legal prior to issuance. RFI responses are maintained by the Authorized Purchaser who has issued the RFI and will be used as reference for the next steps in the procurement process as stated above.

## F. RECEIVING

### 1. Goods

Office Services shall notify the Authorized Purchaser when purchased Goods have been received. Office Services will be responsible for accepting the Goods, performing a visual inspection to confirm the condition of the Goods and conformity to the applicable PO, counting the items, signing for the receipt of the Goods, and forwarding all receiving documentation to the Authorized Purchaser. The only exceptions to this procedure will be:

- If the Authorized Purchaser has asked to specifically receive and inspect the Goods for conformity, and sign for them upon receipt; or
- The Goods are of a technical nature and Office Services requests that the Authorized Purchaser inspect the Goods to ensure that they conform to the PO.

Office Services will make arrangements to deliver the Goods or have the Authorized Purchaser pick-up the Goods from a designated location after receipt and inspection have been made. In the event an Authorized Purchaser is unavailable to perform the necessary inspection, Office Services will secure the Goods and the inspection can be performed. Both Office Services and the Authorized Purchaser are required to sign and date the receiving documentation.

OPERS associates are not permitted to have personal or non-business-related items (e.g., subscription magazines, packages, etc.) delivered or billed to OPERS. Items for personal use, including those ordered from mail-order catalogs, will be returned to sender.

### 2. Services

The Project Team will work directly with the vendor as Services are provided. After Services are provided to the satisfaction of the Project Team, the vendor shall provide a service order acknowledgement to OPERS for signature. This acknowledgement will act as the receiving documentation for the transaction.

## G. INVOICING

If a purchase is under \$5,000, the Authorized Purchaser will match the receiving documentation against the invoice and PO and forward to Accounts Payable to process for payment. All Purchasing Documentation will be kept by the Authorized Purchaser.

If a purchase is \$5,000 or greater, the Authorized Purchaser, or Procurement Office if requested, will match the receiving documentation against the invoice and PO and forward to Accounts Payable to process for payment.

## H. EXCLUSIONS FROM THIS MANUAL

This Manual does not apply to the following purchases, which are covered under separate OPERS policies pertaining to each type of purchase:

- Purchases and sales of investment assets or real property
- Selection of investments and investment managers
- Services purchased by Commission Sharing Agreements
- Individual travel arrangements covered by the OPERS Travel & Expense Policy
- Legal services
- Banking services that are subject to Treasurer of State and/or Board of Deposits recommendations
- Audit services which are subject to Auditor of State recommendations

## I. INCREASES IN PROJECT/PROCUREMENT COST

Sometimes the scope of a project/procurement may need to increase during the course of the project/procurement. This often occurs as a result of the need for additional and related functionality or a change in assumptions or circumstances underlying the initial procurement.

It is permissible for the project/procurement cost to be increased due to increases in the scope of the project by up to 10% of the original contract amount for operating expenditures and/or by up to 20% of the original contract amount for capital expenditures, without OPERS obtaining a PQ for the scope change. Additional project hours must be paid at the same rate as the original project hourly rate.

Once a project/procurement price increase exceeds the foregoing thresholds, the Project Team must request additional PQs from all respondents to the original RFP. This may be accomplished on an expedited basis. In choosing which PQ to accept, the Project Team may take into account a vendor's knowledge of the project. Results of the PQ, along with the proposed solution to the cost increase, must be approved by the Division Director and be included as supporting Purchasing Documentation.

In lieu of obtaining any otherwise required additional PQs for a project/procurement cost increase, the Project Team may submit a written memo to the OPERS Board providing details on the project and scope change, the identity of the respondents to the original RFP, and the bases for the Project Team's recommendation for approval of the cost increase with the current vendor. The Board must be notified of the recommendation and be provided with an opportunity to express concerns. This option is only available for projects with costs that exceed the original contract amount by the above referenced thresholds, but do not exceed 200% of the original contract amount. Projects with any costs that exceed 200% of the original contract amount require a new RFP.

## J. LONG-TERM CONTRACTUAL RELATIONSHIPS WITH A VENDOR

Periodically, it is in the best interest of OPERS to maintain a long-term (in excess of five (5) years) contractual relationship with a vendor for a particular procurement. This section sets forth terms and conditions under which OPERS may maintain a contractual relationship with a vendor for a particular procurement for longer than five (5) years.

### 1. Initial Contract Terms

OPERS' standard policy is that a contractual relationship with a vendor for a particular procurement should be no longer than five (5) years, and should be subjected to the applicable competitive procurement process no less often than every five (5) years, whether the five-year business relationship results from a single contract term or renewals of shorter contract terms, unless documented facts and circumstances support maintaining a longer contractual relationship with that vendor for the procurement. The documentation of such facts and circumstances supporting maintaining a longer contractual relationship must be approved by the Division Director and the Finance Director and is to be retained by the Procurement Office. Procurements under this section by the Finance Director must be approved by the Executive Director.

A standard contract may be renewed throughout an initial five (5) year period, subject to a maximum annual increase of 10% of the original contract amount per renewal, but is to be put through the applicable competitive procurement process after the contractual relationship with the vendor has been in effect for five (5) years for the procurement.

*Example: OPERS enters into an annual maintenance contract for office equipment with a vendor. After the original one-year term, the annual contract with that vendor can be renewed four times, so long as each annual increase in the cost of the contract does not exceed 10%. After the fourth annual renewal, the procurement must be put through the applicable competitive procurement process.*

### 2. Business Advantage Exception for Renewals Without Competitive Selection Process

OPERS may extend an existing contractual relationship with a vendor for a particular procurement beyond a period of five (5) years without subjecting the procurement to the applicable competitive selection process, if OPERS reasonably concludes that there is a clear business advantage to do so; *provided, however*, that all of the following requirements must be met:

- OPERS documents the business advantage that supports forgoing the applicable competitive selection process for the procurement, including any savings or efficiencies that OPERS obtains by continuing the existing vendor relationship without subjecting the procurement to the applicable competitive selection process;
- Both OPERS and the vendor wish to extend the contractual relationship beyond a five-year term without subjecting the procurement to the applicable competitive selection process;
- The vendor has demonstrated satisfactory performance under the existing contract(s);
- OPERS entered into the primary business relationship with the vendor through an RFP; and
- The cost of the Goods and/or Services is competitive to the then-current cost for such Goods or Services.

## **J. LONG-TERM CONTRACTUAL RELATIONSHIPS WITH A VENDOR** *(continued)*

Failure to meet these requirements will necessitate subjecting the procurement to the applicable competitive selection process. In addition, the documentation of the business advantage of foregoing the applicable competitive selection process must be approved by the Division Director and the Finance Director and is to be retained by the Procurement Office. Procurements under this section by the Finance Director must be approved by the Executive Director.

A clear business advantage pursuant to this section is manifested when any of the following three elements are present:

- A current vendor can commence a project with a very short lead-time due to familiarity with OPERS operations and the vendor has personnel immediately available who are already familiar with the OPERS account;
- An RFI completed during the planning stage indicates that the current, or recent, vendor will likely perform the task more efficiently and complete the task timelier due to their knowledge of OPERS internal systems and governing statutes; and
- OPERS' management can substantiate that the cost of the services is competitive when considering the current market rates for such services and the savings gained from having the services performed more efficiently.

Any extensions of contractual relationships with vendors as provided in this section shall be limited to a term of five (5) years, unless an extension for a longer period is approved by the Executive Director.

### **3. Computer Software Exception**

Computer software license agreements and maintenance renewals may run for a period of time concurrent with the useful life of the software and are not required to be put through the applicable competitive selection process for the sole reason that they extend beyond a period of five (5) years. However, application software must be reviewed and evaluated for relevance, currency, and on-going cost at least once every five (5) years. Contracts for the repair and/or maintenance of hardware assets are to be subjected to the applicable competitive selection process as set forth in this Manual.

### **4. Blanket Purchase Orders**

Blanket purchase orders end when the contract ends. Blanket purchase orders will be subject to re-evaluation at the time of renewal.



## **J. LONG-TERM CONTRACTUAL RELATIONSHIPS WITH A VENDOR** *(continued)*

### **5. Peer Review Exception**

OPERS maintains contractual relationships with vendors in various industries. In some industries (e.g., actuarial, auditing, etc.), it is common for service providers to be subject to periodic peer reviews. In such industries where the vendor has been peer reviewed, OPERS may maintain a business relationship with the vendor for up to ten (10) years without putting the procurement through the applicable competitive selection process, subject to the following conditions:

- Within the twenty-four (24) months immediately preceding the five-year anniversary of OPERS' contractual relationship with the vendor, the vendor has undergone a formal peer review process and OPERS is provided with:
  - The full peer review document (i.e., results of the peer review); and
  - Uncensored and unlimited access to the reviewing firm and/or individuals who performed the peer review.
- OPERS entered into the primary business relationship with the vendor through an RFP.
- The cost of the Goods and/or Services is competitive to the then-current cost for such Goods or Services.
- The peer review does not contain comments or recommendations that are adverse to the vendor providing the Goods and/or Services.

### **6. Emergency Services**

In situations of unusual or compelling urgency, wherein OPERS must acquire immediate assistance in restoring critical systems or life safety functions, OPERS may obtain such services without adhering to the requirements for competitive selection set forth in this Manual. Such situations are expected to be infrequent and of short duration. The appropriate Division Director or Executive Director must provide written approval of the procurement of such emergency services prior to the purchase by OPERS.

## **K. APPLICABILITY OF THIS MANUAL**

The provisions of this Manual are applicable to all OPERS procurements or acquisitions that come within its scope. Furthermore, OPERS, in its sole discretion, may apply the provisions of this Manual to procurements or acquisitions that are excluded from this Manual or otherwise are not covered by its scope.

## **L. CONSTRUCTION SERVICES**

This section applies only to construction projects related to OPERS and excludes any components of the OPERS real estate investment portfolio. Construction projects will be approved by the Board via the budget and are subject to the RFP process.

Prevailing wage rates are applicable for new construction in excess of \$50,000 and for building improvements in excess of \$15,000.

## M. PROCUREMENT ETHICS POLICY

It is the policy of OPERS to carry out its mission in accordance with the strictest ethical guidelines and to ensure that associates conduct themselves in a manner that fosters public confidence in the integrity of OPERS, its processes, and its accomplishments. The Procurement Office staff and all other employees participating in any procurement process must abide by the following standards:

1. Soliciting or accepting anything of value from anyone doing business or seeking to do business with OPERS is strictly prohibited.
2. Conflicts of Interest.
  - a. Vendor conflicts of interest must be disclosed on a timely basis and any conflicts that arise must be resolved.
  - b. Employees may not vote, authorize, recommend, or in any other way use their positions to secure approval of an OPERS procurement with any vendor in which the employee, a family member, or anyone with whom the employee has a personal business or employment relationship, has an interest.
3. Authorized Purchasers are prohibited from using or disclosing confidential information protected by law, unless appropriately authorized.
4. Business with current and potential vendors will be conducted with honesty and integrity, void of any misrepresentation.
5. OPERS employees are prohibited from using the Procurement Office to make personal or private purchases (including, but not limited to, new and used equipment, subscriptions, materials, and supplies).

Authorized Purchasers must conduct themselves at all times in a manner that avoids the appearance of favoritism, bias, or impropriety.

# OPERS POLICY AND PROCEDURES MANUAL

## ATTACHMENT 1:

### Communication Protocols for Communications Between RFP Vendors and OPERS

These Communication Protocols impose certain restrictions on communications between OPERS and potential vendors ("Vendors") responding to an OPERS RFP.

Vendors are restricted from communicating with OPERS in any manner, whether oral, written, electronic or otherwise, that a reasonable person would infer constitutes an attempt to unduly influence the award, denial, or amendment of a contract (a "Prohibited Communication"), from the time the RFP is issued, through the final award and approval of the contract or termination of the RFP, other than as set forth herein. In the event that a Vendor communicates with an OPERS officer, employee or Board member between the time the RFP is issued through final award and approval of the contract or termination of the RFP, the following requirements shall apply:

1. The OPERS officer, employee or Board member receiving such communication shall immediately report such communication to OPERS' Legal department.
2. The applicable OPERS Division Director shall determine, in consultation with OPERS' Legal department, whether the communication constitutes a Prohibited Communication.
3. If it is determined that the communication did constitute a Prohibited Communication, the Vendor shall be immediately disqualified from the RFP process.

The following communications channels are permissible for Vendors to communicate with OPERS to ensure that no violations of these Communication Protocols occur:

- **RFP Vendor Conferences:** OPERS may provide in an RFP that it may host a pre-proposal vendor conference for all interested Vendors. If such a conference is held, the RFP shall state the date and time of the conference. At the pre-proposal conference, OPERS may describe the applicable RFP process and key terms of the procurement, and answer questions to the extent possible regarding any material included in the RFP. Presentation materials from the vendor conference will be posted to the OPERS website.
- **Question and Answer Period:** OPERS shall notify Vendors that questions about an RFP must be submitted to OPERS via email to an email address designated in the RFP on or before a date set forth in the RFP. Questions submitted and OPERS' responses to such questions shall be posted on the OPERS website. OPERS will not post the identity of the Vendor who submitted the question. OPERS will review and attempt to answer all questions in good faith. However, OPERS reserves the right to not answer any question submitted by a Vendor.
- **Supplemental Questions:** OPERS may, after an RFP has been posted, post to the OPERS website supplemental RFP questions for Vendors to answer. If such supplemental questions are posted by OPERS, Vendors shall respond to such questions according to the instructions included with the supplemental questions.
- **Finalist Presentations:** After the submission of RFP proposals and during the evaluation process, OPERS may, in its sole discretion, request any or all Vendors to make oral presentations to answer questions OPERS has regarding their proposals. Not all Vendors must be asked to make such oral presentations.
- **Additional Information:** OPERS may, but is not obligated to, request additional information and materials from any Vendor for evaluation of its proposal. Information submitted by a Vendor absent a request by OPERS that is not in the nature of a correction or clarification to the proposal will not be considered. A Vendor must immediately notify OPERS if any information in a proposal becomes invalid or untrue prior to the completion of the RFP process. OPERS may disqualify a Vendor from further consideration if the Vendor fails to immediately notify OPERS of invalid or untrue information, or fails to respond to OPERS' request for additional information and materials. OPERS shall have no obligation to inform any Vendor of any deficiency in its proposal.

Ohio Public Employees Retirement System  
277 East Town Street | Columbus, Ohio 43215

