

# CLA and Vermont Training Series – April 13, 2023

## Learning Objectives

**At the end of the session, you will be able to:**

- 1. Identify key updates to Administrative Bulletin 3.5 Procurement and Contracting Procedures**
- 2. Describe VTBuys, the State of Vermont's online platform for sourcing, contracting, supplier management, and procurement**
- 3. Identify best practices for procurement and contracting**
- 4. Identify common RFP and contract errors and how to avoid them**

# Polling Question

## What is Administrative Bulletin 3.5?

- A. The Administrative Bulletin preceding Bulletin No. 3.6
- B. A federal regulation promulgated by the Office of Management and Budget directing state procurement activities
- C. A document establishing the general policy and standards for soliciting, awarding, processing, executing and overseeing contracts procured by the Executive Branch of Vermont state government.
- D. None of the above.

# Administrative Bulletin 3.5

## Key Updates and Recommended Changes

### Sole Source Waiver Requests

- Current state: \$10,000 for DFM and SOA review of waiver requests and contracts. CIO review IT waiver requests and contracts, regardless of dollar value.
- Future state recommendation:

Value/Subject Matter	Level of Approval Required Prior to Contracting
<b>Under \$25,000</b>	Appointing Authority. The Appointing Authority may enter into a Sole Source Contract under \$25,000 if it determines that sole source justification exists. The justification shall be documented in the contract file, and the contract process must comply with all other aspects of the Bulletin.
<b>\$25,000 to \$99,999</b>	Department of Finance and Management Commissioner reviews waiver request.
<b>\$100,000 or greater</b>	Secretary of Administration. Secretary approval must be requested by submitting a proposed Sole Source waiver request to the Department of Finance and Management.
<b>Cybersecurity or Information Technology</b>	State Chief Technology Officer (CTO). The CTO must approve all Sole Source waiver requests for Cybersecurity and IT Activities, regardless of dollar value. If the Sole Source request must be approved by the Department of Finance and Management and/or the Secretary of Administration, the justification memo must be approved by the State's Chief Technology Officer (CTO) before it is approved by the Department of Finance and Management and/or the Secretary of Administration.

# Administrative Bulletin 3.5 (continued)

## Key Updates and Recommended Changes

### Simplified Bids

- Current state: \$100,000
- Future state recommendation:
  - \$250,000 with recommendation to contact 1-2 Minority, Women, and Disadvantaged Business Enterprises. Work with Office of Racial Equity (ORE) and Procurement Technical Assistance Center (PTAC) to develop a valid list. Improve guidance and training around simplified bids so that agencies better understand the communication required with potential vendors.
  - CIO must review all IT RFPs, including simplified bids.

# Administrative Bulletin 3.5 (continued)

## Key Updates and Recommended Changes

### Approval Thresholds

- **SOA review**
  - Current state: \$500,000
  - Future state recommendation: \$2,000,000
- **AGO review as to form and VSA 342**
  - Current state: \$25,000 (aggregate value for as to form review; annual value for VSA 342)
  - Future state: \$25,000. Review as to form would be \$25K per year which would mirror VSA 342.
- **CMO review**
  - Current state: \$25,000
  - Future state recommendation: \$25,000. Clarify scope of marketing services. Clarify if the threshold refers to total contract amount or just if marketing component is \$25,000 or more. Provide CMO with copy of agreements less than \$25,000 but do not approve below this threshold. AA-14 check box added for CMO notification.

# Administrative Bulletin 3.5 (continued)

## Key Updates and Recommended Changes

### Approval Thresholds

- Agreements to Receive or Access Confidential information
  - Current state: AA, AGO, CIO, SOA approvals
  - Future state: AA, AGO, CIO approvals. SOA approval not required, but SOA can access these contracts by pulling VTBuys reports. Before VTBuys is implemented, include SOA as a reviewer in DocuSign so they may receive notification without having to sign.
- Modifications to Attachment C
  - Current state: AGO, RM or Auditor
  - Future state: AGO, RM, Auditor, CISO (Ad hoc - no PAT review) for modifications to use and protection of state data.

# Administrative Bulletin 3.5 (continued)

## Key Updates and Recommended Changes

### Amendment Change

- Current state: AGO and SOA review needed for 25% change in dollar amount and sole source contracts.
- Future state recommendation remains under review however focus is primarily on scope change, versus dollar threshold.

### Contract Length

- Current state: Maximum 4 years
- Future state recommendation: Any combination up to 5 years. Architectural engineering contracts up to 6 years. This would not impact IT contracts which can already be issued for the term of implementation plus up to five years.

**VTBuys, the State of Vermont's  
online platform for sourcing,  
contracting, supplier management,  
and procurement**



# VTBuys - Project Objectives



## Business Friendly

Easier to do business with the State of Vermont

## Modernized Procurement

Built-in compliance and guided workflow

## Value Focused

Improved efficiency, transparency, and economies of scale



### Streamlined Process

- Increase efficiency through reengineering, modernizing and standardizing practices.
- Full electronic workflow from sourcing to payment.
- Single point of access for agencies and suppliers.



### New Technology







- Online shopping experience with catalog items linked to State contracts.
- Robust rules engine with baked in compliance for purchasing.
- Enhanced spend analytics capabilities.



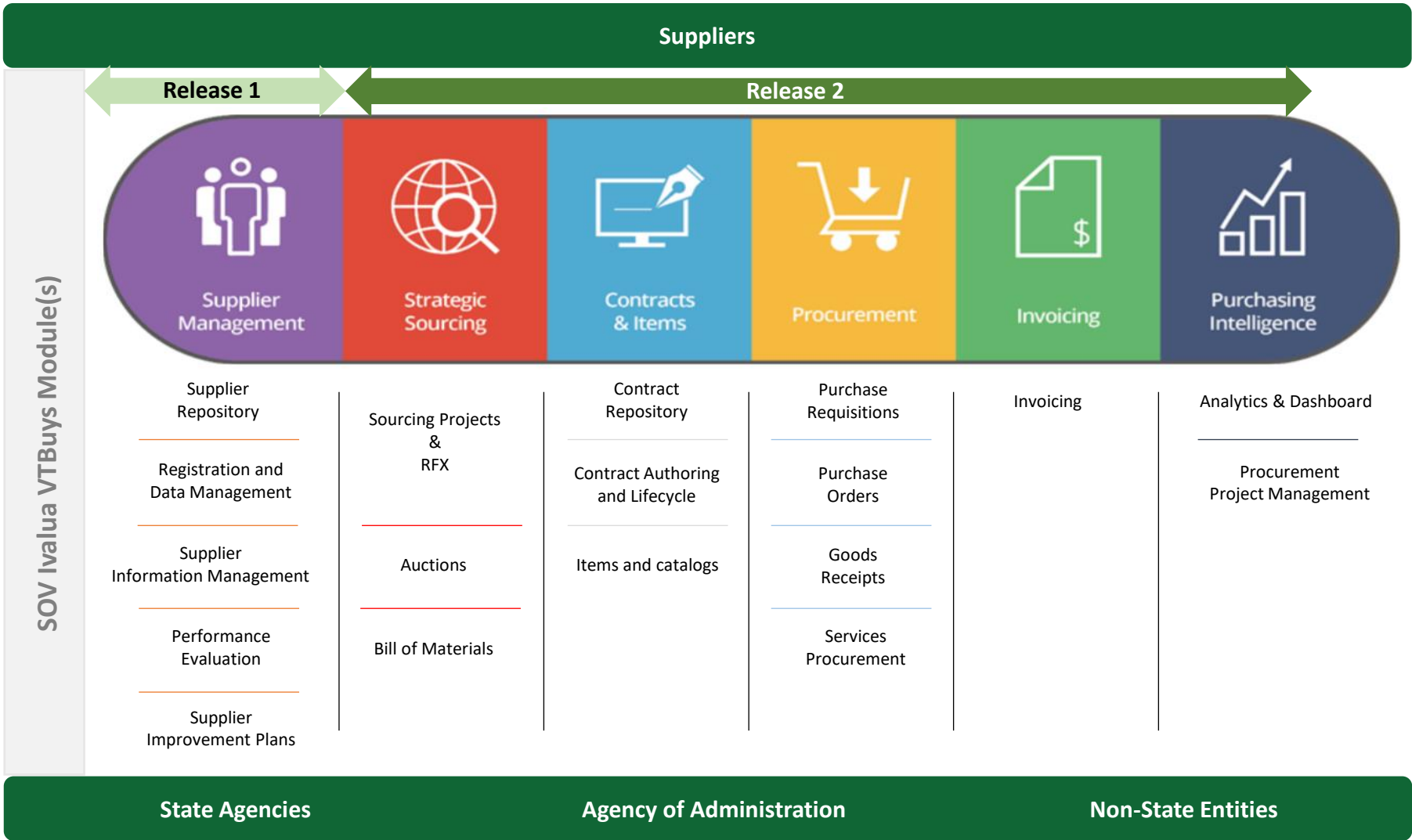
### Transparent and Simplified Solicitations

- Develop, publish and award of solicitation opportunities all in one place.
- Build contracts from solicitations with electronic approvals.
- Supplier information securely shared across agencies.

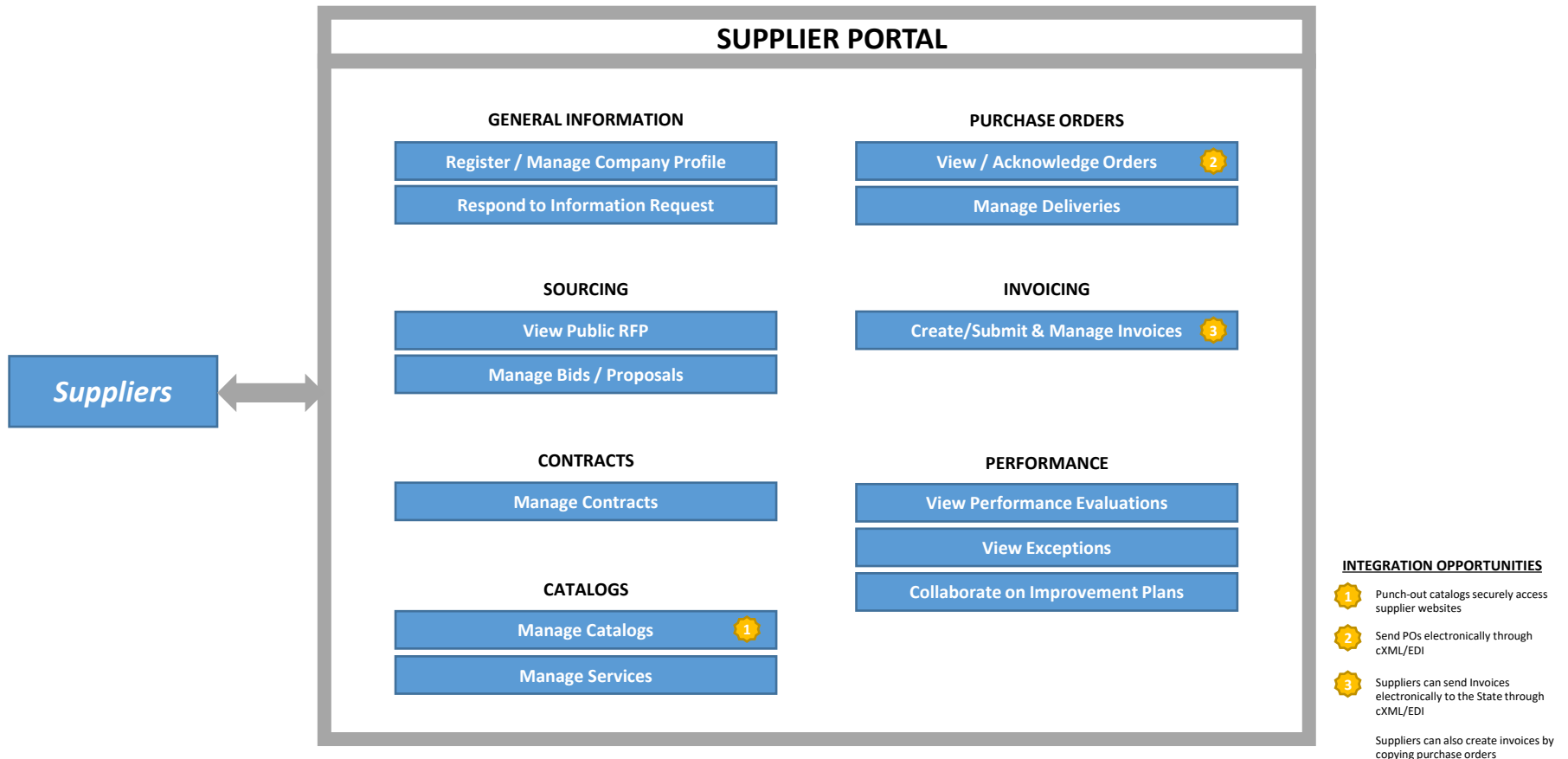
# Why Are We Doing This Project?

	Current State	Future State
 <b>Supplier Management</b>	Primarily paper-based environment for supplier's interaction with the State, accompanied by standalone systems / portals.	An integrated portal that is one stop for suppliers to do business with the State and provides access to all supplier-facing components.
 <b>Strategic Sourcing</b>	State Agencies and Department manually manage the bidding process.	Automated bidding process for both the State and suppliers for all types of solicitations, leveraging standard templates and libraries.
 <b>Contract &amp; Items</b>	State Agencies and Department manually manage the contracting process. The Office of Purchasing and Contracting manages an Access DB that contains certain contract metadata.	A single, central repository of all in-scope contracts. All contract processes are managed in one place, from negotiation, authoring, signature to renewal.
 <b>Procurement</b>	Purchase requests and orders are manually routed for approvals and submissions.	Catalog tied to contracts provides an on-line shopping experience, with automatic purchase request and order processing.
 <b>Invoicing</b>	Paper-based invoices are submitted by suppliers, with no visibility on approval progress.	Electronic invoices can be generated by suppliers, with visibility into invoice approval progress.
 <b>Purchasing Intelligence</b>	The process to pull data streams together from disparate manual processes and solutions / systems is time-consuming and prone to error.	Having all data in one place allows for robust data analytics and reporting to assess spend for more effective sourcing and contracting.

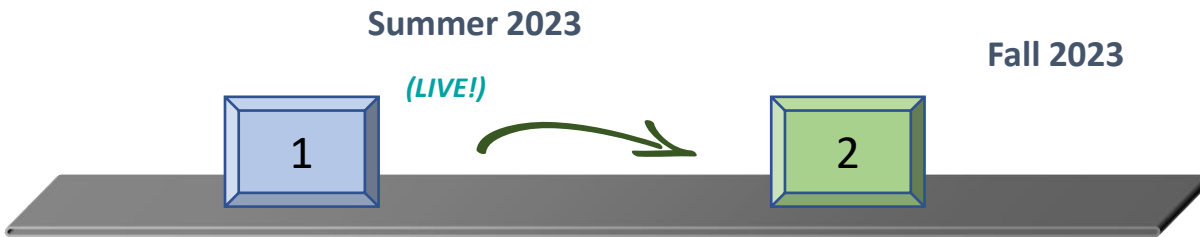
# Solution Overview



# How Can Suppliers Leverage the New System?



# When is it Happening?



- Self Service Portal
  - Register Business
  - Self-Manage Business Information and Credentials
  - Create/Submit W9s Electronically
  - Integration with VISION\* to Create Payee Accounts
- Sourcing and Bid Management
- Contract Lifecycle Management
- Full Requisition to Order Processes
- Supplier Portal Access to Bid Opportunities, Contract Awards, Existing Contracts, Orders, Submit Invoices, and Payment Status
- Invoice Processing with Integration to VISION\* for Payments
- Reporting, Dashboards, Data Analytics

\*VISION is the State's financial system

# VTBuys Preview

## Welcome to VTBuys eProcurement Portal



Welcome to the Group Purchasing Portal.

As part of optimizing purchasing processes and supply chain management, our group offers a dedicated tool for collaborative management of your purchases.

As the main tool for exchange between buyer and suppliers, the portal gives you the ability to access the life cycle of e-procurement, from the consultation phase (RFX) through the management of orders and deliveries, to the payment of invoices. It also allows suppliers to update their profile, catalogs and respond online to requests for proposal.

With this portal you will save time, have greater visibility and increase efficiency for the whole organization.

[Frequently Asked Questions](#)

[Access Training Materials](#)

For assistance contact the VTbuys Help Desk - (802)828-6620 Option 3

Office of Purchasing and Contracting  
133 State Street, 5th Floor  
Montpelier, Vermont 05633-8000  
Phone: (802)828-2211  
General email: [SOV.OPC@vermont.gov](mailto:SOV.OPC@vermont.gov)

## IDENTIFICATION

Login\*

  
Password\*  

[Lost your password?](#)

Help Desk +1 650-930-xxxx

New Supplier Registration

Public Solicitations

Show Public Contracts

View Public Catalog

[Technical Requirements](#)

# IN vs OUT of VTBuys

VTBuys	Non-VTBuys
<b>All procurement sourcing and contracting events (3.5/Tech Guide)</b>	Real Estate Leases
- Exception - bridge and highway construction projects	Utilities
<b>BDA purchases</b>	Grants (Bulletin 5)
<b>Pcard utilization against a PO, contract, etc.</b>	Child support payments
<b>Agreements to receive or Access Confidential Information</b>	Medicare/Medicaid payments
	Inter-department/agency transfers
	Foster care payments
	State benefit payments
	Town payments per statute
	Internal service funds
	- internal payments made to state agencies/departments, BGS postal, ADS, etc.
	Non-internal service funds
	- internal payments made to state agencies/departments, Public Safety, SOS, Libraries, etc.
	MOU's
	Litigation Expenses
	- Service of Papers (unless under contract)
	- Filing Fees
	- Witness Fees (non-expert)
	VTRANS - Bridge and highway construction projects
	Rent payments to Landlords not on contract
	Pass through of wages or fees
	Reimbursements
	Board Member stipends and mileage
	Refunds
	Journal Vouchers

# Best practices for procurement and contracting

## **#1 Familiarize yourself with current guidance**

- Bulletin 3.5 <http://aoa.vermont.gov/bulletins/3point5>
  - Applicable to State Executive Branch agencies
- Any agency-specific process or policy
  - Each Agency may develop individual processes and policies applicable to its needs, in addition to the minimum stated requirements of Bulletin 3.5



# Best practices for procurement and contracting

## **#2 Use current forms**

- BGS Forms page <http://bgs.vermont.gov/purchasing-contracting/forms>
- Links to current State of Vermont procurement and contracting forms
- Templates for RFP, Contract, and Amendment
- Customary State Contract Terms (Attachment C)
- Federal Terms Supplement, etc

## Polling Question

What is a Request for Comment used for in procurement?

- A. To solicit input about all or a portion of the RFP structure, language, methodology, etc.
- B. To obtain information, such as capabilities, practices, systems, licenses, etc. to address a particular need to help develop an effective RFP
- C. It is a procurement process available for smaller dollar purchases
- D. None of the above.

# Best practices for procurement and contracting

## **#3 Know the RFX tools**

- Request for Information (RFI) - Generally used to obtain information, such as capabilities, practices, systems, licenses, etc. to address a particular need to help develop an effective RFP.
- Request for Comment (RFC) – A process whereby the State issues a future/proposed RFP in order to solicit input about all or a portion of the RFP structure, language, methodology, etc.
- Request for Proposal (RFP) - Usually used for recurring requirements or very complex purchases or agreements.
  - Simplified Bidding – available for smaller dollar purchases
- Request for Quote (RFQ) – Generally used for a one-time bid and buy requirement.

# Best practices for procurement and contracting

## **#4 Tips for procurement process**

- Market research
  - Use an RFI to gain industry information from supplier community
  - May invite suppliers to provide a demonstration solely for general information gathering but do not disclose the State's planned RFP requirements
- Transparent and fair procurement process
  - structured process
  - treat each vendor the same
- Clear, concise requirements
  - Will attract greatest amount of bidders/interest
  - Will minimize amount of Q&A during the process
- Ethics
  - Recognize and avoid conflicts of interest
  - Bidding integrity policy
- Keep good records
  - summary memo to explain the choice of vendor

# Best practices for procurement and contracting

## **#5 Understand the key elements of the RFP**

- Objectives and background
- Scope of services – foundation of an effective contract starts with the draft of the solicitation
- Detailed requirements - identify minimum requirements that the agency deems essential to the program'
- Method of Award and Evaluation Criteria – minimum qualifications?
- Single Point of Contact
- Pre-Bid Meeting? If yes, optional or mandatory?
- RFP Timeline/Calendar
- Question/Response Deadline
- Due date and time for submission of proposals

# Best practices for procurement and contracting

## **#6 Think about contract drafting at time of RFP**

- RFP process is designed to expedite contract formation
  - Include contract in RFP to procure state contract terms
  - Certificate of compliance indicates bidder agreement to all contract terms (but for exceptions)
- Clear, concise requirements carry through to contract

# Common RFP and contract errors and how to avoid them

- **Identify minimum insurance requirements**
  - consult State Risk Management when developing RFP and again if any issues during contract negotiation
- **Consider work product ownership?**
  - business decision/consideration to ensure we do not have to pay twice for original work specifically procured by the contract
- **Drafting Tip: Say it once in the document**
  - duplication within an RFP or contract can lead to conflict and confusion – may not be able to enforce what you want (e.g. listing payment amounts twice – updating only one spot and not the other)
- **Know who you are contracting with and make sure you are properly referencing them (entity type, etc.)**
  - confirm with Secretary of State (SOS) website
  - and ask for a W-9
  - Note: trade names are not legal names – they can be sold or lost through failure to keep registration current with SOS

## Common RFP and contract errors and how to avoid them

- **Common pitfalls at time of contract amendment**
  - Contract amendment is circulated for approvals without original contract and prior amendments
  - Required certifications at time of amendment are not included (can be avoided by use of current forms)
- **Know your funding source(s) and required contract provisions**
  - Example, Federal Terms Supplement is required when contract is supported with federal dollars
- **Incomplete payment terms**
  - Think of Attachment B: Payment Terms as the playbook that instructs when contractor should submit invoices and how invoices will be calculated
- **Advance payments are strongly discouraged**
  - State is at disadvantage if contract performance issues should arise