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SUBJECT: Procurement Policy

1. Purpose of procurement policy

Vermont Information Technology Leaders, Inc. (VITL) may be the recipient of Federal grant funds, the use of which is subject to certain Notices of Grant Awards (“NGAs”) and Health Human Services (“HHS”) grant administration regulations found in 45 C.F.R. Part 75—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR HHS AWARDS. It is the intention of VITL to satisfy the policy requirements of such regulations in the event that compliance is required pursuant to the awarding of federal grants in the future. Therefore, the purpose of this policy is to ensure that procurements by VITL are in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and in compliance with federal regulations.

2. Scope

- a. This Policy shall be construed and applied to promote VITL’s compliance with the Applicable Federal Rules and Regulations, as well as with all applicable state laws. In the event of a conflict between the provisions of this Policy and the requirements of an applicable state or federal statute or regulation, the applicable statute or regulation shall prevail.
- b. This policy applies to all procurements conducted by VITL regardless of funding source. It does not apply to procurements for indirect expenses or reimbursements of travel, mileage or parking which are covered under a separate policy.
- c. This Policy sets forth internal guidelines for the benefit of VITL and its officers, directors, employees and agents, and does not confer any right or other benefit on any third party. The provisions of this Policy may not be used by any third party in any action or other proceeding against VITL or its interests.

3. Standards of conduct

- a. **Conflict of interest-** No employee, officer, or agent of VITL may participate in the selection, award, or administration of a contract if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

- b. **Gifts/Gratuities**- The officers, employees, and agents of VITL may neither solicit nor accept gratuities, favors, or anything above nominal value from contractors or parties to subcontracts.
 - c. **Violation of Standards**-Officers, employees, or agents of VITL shall be subject to disciplinary actions for violations of these standards.
4. **Procurement planning**
- a. VITL will avoid purchasing unnecessary or duplicative items.
 - b. Reasonable efforts shall be made by VITL to utilize qualified small businesses, minority-owned firms, and women's business enterprises, whenever practical.
 - c. Each potential procurement opportunity anticipated to be in excess of \$500,000 shall be subject to Board approval.
 - d. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase.
5. **Competition**
- a. All procurement transactions will be conducted in a manner to promote full and open competition in accordance with the procurement procedures shown in section 6. VITL will define and subsequently utilize criteria to limit the pool of qualified bidders to a practical and manageable number, while still promoting open and free competition within such pool. Criteria used to limit the vendor pool to a practical number will be drafted and recommended by VITL's staff, for approval by VITL's CEO and or CFO.
 - b. In order to ensure objective contractor performance and eliminate unfair competitive advantage, VITL imposes the following requirements:
 - i. Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements;
 - ii. VITL will not place unreasonable requirements on firms in order for them to qualify to do business;
 - iii. VITL shall be alert to organizational conflicts of interest, as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade.
6. **Procurement procedures**
- a. **Responsible Contractors**-VITL will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
 - b. **Documentation**- VITL will maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. All VITL procurement documentation will be maintained in a central electronic system under control of the CFO. Documents will be maintained in accordance with VITL's record retention policy.

- c. **Contract Types**-The type of procuring instruments used (e.g., fixed price contracts, cost reimbursable contracts, purchase orders, and incentive contracts) shall, as determined by VITL, be appropriate for the particular procurement and for promoting the best interest of VITL for the project involved. VITL will set a ceiling price for all contracts that the contractor exceeds at its own risk. VITL will not use the "cost-plus-a-percentage-of-cost" or "percentage of construction cost" methods of contracting. VITL will only use time and materials contract if no other type of contract is suitable.
- d. **Methods of procurement**
- i. **Micro-Purchase**-Acquisition of supplies or services, aggregate dollar amount of which does not exceed \$3,500 may be awarded without soliciting competitive quotations if VITL considers the price to be reasonable. To the extent practical, purchases will be distributed equitably among qualified suppliers. For micro-purchases the following is required:
 1. Completion of VITL Procurement Justification Document (for purchases over \$500);
 2. If a Business Associate Agreement (BAA) is necessary, a signed copy of this document will be included with this procurement's file (see section 6b).
 - ii. **Small Purchases (Simplified Acquisition)**-Relatively simple and informal procurement method for Acquisition of supplies or services over \$3,500 but under \$150,000 will require:
 1. Completion of VITL Procurement Justification Document;
 2. Solicitation of price or rate quotations from an adequate number of qualified sources;
 3. Documentation of solicitation results;
 4. Documentation of selection decision;
 5. Completed purchase order from VITL's accounting system for all procurements when deemed necessary by CFO;
 6. Signed contract, order form, or agreement;
 7. If a Business Associate Agreement (BAA) is necessary, a signed copy of this document will be included with this procurement's file (see section 6b).
 - iii. **Purchases over the Simplified Acquisition Threshold**-Acquisition of supplies or services over \$150,000 will require the use of the technique of competitive proposals and is normally conducted with more than one source submitting an offer, with either a fixed price or cost-reimbursement type contract awarded. Requirements for this method of procurement are:
 1. Completion of VITL Procurement Justification Document;
 2. A Request for Proposal (RFP) is required and must be publicized;
 3. RFPs must:
 - a. Identify all evaluation factors and their relative importance;
 - b. Contain a clear and accurate description of the technical requirements for the material, product or service to be

- procured. The description, should state whenever practicable, the technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
- c. Not contain features which unduly restrict competition.
 - d. Contain when relevant, the specific features of "brand name or equal" descriptions that are to be included in responses submitted to solicitation.
4. Proposals must be solicited from an adequate number of qualified sources;
 5. The procurement documentation will have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
 6. A cost or price analysis will be conducted for all procurements over the simplified acquisition threshold, including contract modifications.
 7. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered;
 8. All respondents to the RFP must be notified of the procurement decision;
 9. Documentation of the solicitation results;
 10. Documentation of selection decision including the technical evaluation and price comparisons;
 11. Completed purchase order from VITL's accounting system when deemed necessary by CFO;
 12. Signed contract or agreement;
 13. If a Business Associate Agreement (BAA) is necessary, a signed copy of this document will be included with this procurement's file (see section 6b).
- iv. **Non-competitive Procurements**-Procurement by non-competitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:
1. The item is available only from a single source;
 2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 3. The HHS awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the VITL; or
 4. After solicitation of a number of sources, competition is determined inadequate because only one source responded to the solicitation.

VITL's requirements for a non-competitive procurement are:

1. Documentation required for Small Purchases and Competitive Procurements is still applicable;
 2. Additionally, document the circumstances that warrant a non-competitive procurement in a rationale on the VITL Procurement Justification Document;
 3. Approval by the CFO for non-competitive procurements \$3,500 through \$50,000 and CEO approval for greater than \$50,000 up to \$499,999 once there has been a determination of a non-competitive situation;
 4. The VITL will negotiate profit as a separate element of the price for each contract in which there is no price competition;
 5. Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred, or cost estimates included in negotiated prices would be allowable for the non-Federal entity under subpart E—Cost Principles of 45 CFR Part 75.
- e. **Lease/Purchase Analysis**-When practical and appropriate, for purchases over simplified acquisition threshold, an analysis will be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for VITL.
- f. **Pre-award Review**-VITL shall, on request, provide for pre-award review by HHS or pass-through entity under certain limited circumstances such as:
- i. VITL's procurement procedures or operation fails to comply with Applicable Federal Rules;
 - ii. The procurement is expected to exceed the then simplified acquisition threshold and is to be awarded without competition or only one offer is received;
 - iii. The procurement, which is expected to exceed the then simplified acquisition threshold specifies a "brand name" product;
 - iv. A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the then simplified acquisition threshold.
7. **Contract Provisions**- VITL's procurement contracts shall include, in addition to the usual and customary terms of a commercially reasonable agreement, and to the extent applicable, the following provisions:
- a. Contracts in excess of the then simplified acquisition threshold shall set forth administrative, contractual, or legal remedies in instances in which the contractor violates or breaches the contract terms, and shall provide for such other remedial actions as may be appropriate.
 - b. All contracts in excess of \$10,000 shall provide for termination for cause and convenience by VITL, and shall set forth the conditions under which, and the manner by which, termination shall be effected and the basis for settlement (if any).
 - c. Except as otherwise required by statute, in the event that VITL is required by the terms of a federal grant to contract (or subcontract) for construction or facility improvements, the contract(s) shall provide for VITL to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds unless the amount to be paid

under the construction contract or subcontract exceeds the Simplified Acquisition Threshold, in which case HHS may accept the bonding policy and requirements of the recipient, provided HHS has made a determination that the Federal Government's interest is adequately protected.

- d. All negotiated contracts (except those for less than the then simplified acquisition threshold) awarded by VITL shall include a provision to the effect that VITL, the federal awarding agency, pass-through agency and the Comptroller General of the United States (or any of their duly authorized representatives) shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.
 - e. All contracts (including small purchases), awarded by VITL shall contain the procurement provisions set forth in Appendix II to the Part 75—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR HHS AWARDS and Attachment C, Vermont State Standard Provisions for Contracts and Grants. If procuring IT systems or services, Attachment D, Other Provisions for IT Professional Services or Other Provisions for IT Systems Implementation are required. These two documents may require “tailoring” to ensure that necessary contract provisions are included.
 - f. When appropriate, any procurement contract into which VITL enters will state the maximum amount of money for which VITL may become liable to the third party under the agreement, and will state the cost principles to be used in determining allowable costs in the case of cost-type contracts.
 - g. VITL’s procurement contracts shall contain, to the extent applicable, any and all of the provisions set forth above in this Section 7, paragraphs A through F.
8. **Debarment and Suspension**-VITL shall not enter into a procurement contract with any person or organization listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Non-Procurement Programs in accordance with Executive Orders 12549 and 12689, "Debarment and Suspension." In addition, VITL will not enter into a procurement contract with any person or organization who:
- a. In arrears for child support with the State of Vermont;
 - b. In arrears for taxes due the State of Vermont;
 - c. Is on the debarment list for the State of Vermont.

All procurements must include a completed State of Vermont Subcontractor Compliance Review form except when the procurement is for items which are considered Commercial off the Shelf (COTS) and VITL is agreeing to the vendor standard terms and conditions. Examples of such items are “shrink-wrapped” software where VITL is buying a license and pricing and terms are market based.

9. **Approvals**-VITL’s management will notify the Finance Committee of any contractual actions in excess of \$200,000. The CEO may approve expenses for goods and services up to \$500,000 when included in the Approved Budget and Plan. The Board of Directors will review and approve unbudgeted expenses above \$200,000. The CFO or designee will review all

procurements over \$3,500 to determine whether they are planned or unplanned. The grid below outlines the approval thresholds.

Service Level Description	Planned Grant or Contract	Unplanned Grant or Contract	Planned Non-Competitive Contract	Non-Competitive Contract
Chief Financial Officer	Up to \$50,000	\$0	Up to \$50,000	\$0
Chief Executive Officer	Up to \$500,000	\$200,000	Up to \$500,000	\$200,000
VITL Board	Over \$500,000	Over \$200,000	Over \$500,000	Over \$200,000

The Board of Directors may review these thresholds as needed or every two years.

10. Policy Review & Approval

VITL will review this policy every two years and reserves the right to update this policy at any time to reflect VITL’s intentions and compliance requirements.

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<p>Reviewed by: CFO</p>	
 <hr style="border: 0; border-top: 1px solid black; margin-top: 5px;"/>	<p style="text-align: center;"><u>06/05/2019</u></p> <p>Date</p>
<p>Approved by: CEO</p>	
<p>Approved by the VITL Board of Directors and effective June 4, 2019:</p>	
 <hr style="border: 0; border-top: 1px solid black; margin-top: 5px;"/>	<p>Bruce Bullock, MD, VITL Board Chair</p>