

Vermont Information Technology Leaders	
Name:	Procurement Policy
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Sponsoring Department(s):	Finance
Sponsor:	CFO
Approving Official or Body:	CEO/Finance Committee
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Review Cycle:	4 Years

Purpose

1. The purpose of this policy is to ensure that Vermont Technology Leaders, Inc. ("the Company" or "VITL") achieves the best value for the goods and services procured through following a transparent and competitive process.
2. It is the intention of the Company to satisfy the policy requirements of relevant 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 the Company are in conformity with accounting principles generally accepted in the United States of America ("GAAP") and in compliance with federal regulations.

Scope

1. This Policy shall be construed and applied to promote the Company'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.
2. This policy applies to all Procurements conducted by the Company regardless of funding source. It does not apply to employee out-of-pocket reimbursements of approved travel or for purchases of items costing less than \$5,000. Employee reimbursements are covered under a separate policy.
3. This Policy sets forth internal guidelines for the benefit of the Company 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 the Company or its interests.

Definitions

1. **Procurement** – Purchasing or otherwise obtaining goods or services for a business purpose.
2. **Planned Expenditure** - A purchase that falls within the approved budget for the year of acquisition, in terms of both the nature of the expenditure (such as software, legal etc.) and the amount.
3. **Unplanned Expenditure** – A purchase that does not fall within the approved budget.

Policy

1. Standards of Conduct

- a. Conflict of Interest - No employee, officer, or agent of the Company may participate in the selection, award, or administration of a contract if they have a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of their immediate family, their 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 the Company 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 the Company shall be subject to disciplinary actions for violations of these standards.

2. Procurement Planning

- a. The Company will avoid purchasing unnecessary or duplicative items.
- b. Reasonable efforts shall be made by the Company to utilize qualified small businesses, minority-owned firms, and women's business enterprises, whenever practical.
- c. Consideration should be given to consolidating or breaking out Procurements to obtain a more economical purchase.

3. 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 Policy Section 4. If it is necessary to 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, the criteria used to limit the vendor pool to a practical number will be documented in the Procurement Justification form, which will be approved by the Company's CEO and/or CFO.
- b. VITL is committed to assuring that minority owned and women owned businesses are included in its solicitations for bids or proposals. VITL will take affirmative steps to encourage the use of minority businesses, women's business enterprises, and labor surplus area firms when possible. Affirmative steps may include:
 - i. Placing qualified small and minority businesses and women's enterprises on solicitation lists and/or seeking opportunities to post solicitations on public, widely accessible boards.
 - ii. Ensuring small and minority businesses, and women's enterprises are solicited whenever they are potential sources.

- iii. Dividing total requirements, when practical and economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's enterprises.
- iv. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce
- c. In order to ensure objective contractor performance and eliminate unfair competitive advantage, the Company imposes the following requirements:
 - i. With respect to Procurements related to Federal grants, 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. If the Procurement is not related to a federal grant, the Company may make an exception to this rule if the pool of qualified bidders is small;
 - ii. The Company will not place unreasonable requirements on firms in order for them to qualify to do business;
 - iii. The Company 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.

4. Procurement Procedures

- a. **Responsible Contractors** - The Company will award contracts only to contractors that the Company has concluded are responsible and possess 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** - The Company 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 the Company Procurement documentation will be maintained in a central electronic system under control of the CFO. Documents will be maintained in accordance with the Company'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 the Company, be appropriate for the particular Procurement and for promoting the best interest of the Company for the project involved. the Company will set a ceiling price for all contracts that the contractor exceeds at its own risk. The Company will not use the "cost-plus-a-percentage-of-cost" or "percentage of construction cost" methods of contracting. The Company 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 \$5,000 may be awarded without soliciting competitive quotations if the Company 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. If a Business Associate Agreement (BAA) is necessary, a signed copy of this document will be included with this Procurement's file (see section 4b).
- ii. **Small Purchases (Simplified Acquisition)** - Relatively simple and informal Procurement method for Acquisition of supplies or services over \$5,000 but under \$150,000 will require:
 1. Completion of the Company's Procurement Justification Document;
 2. Solicitation of price or rate quotations from an adequate number of qualified sources (usually at least three);
 3. Every effort should be made to solicit quotes from minority owned and/or women owned businesses. Those efforts should be documented on the Procurement Justification form.
 4. Documentation of solicitation results;
 5. Documentation of selection decision;
 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 4b).
- iii. **Purchases over the Simplified Acquisition Threshold** - Acquisition of supplies or services of \$150,000 or more 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 the Company's Procurement Justification Document;
 2. A Request for Proposal (RFP) is required and must be publicized. The publication plan must be approved by the CFO;
 3. Whenever possible the RFP should be created using the approved VITL template. In all cases, an RFP 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. Signed contract or agreement;
12. If a Business Associate Agreement (BAA) is necessary, a signed copy of this document will be included with this Procurement's file (see section 4b).
13. In certain cases, an RFP may not be practical or effective. For example, independent contractors may not be responsive to formal RFPs. When this is the case, with the approval of the CFO, other documentation from a reasonable number of potential vendors (often three) such as billing rates, contractor resumes and references can be used to select a vendor. All relevant factors shall be documented, and that documentation shall be retained. However, any procurement that is made with federal grant funds and that is \$250,000 or more must follow an RFP process, unless it meets the criteria for a non-competitive procurement as outlined below.
14. The value of a Procurement used to assign a Method of Procurement is the fixed cost or estimated variable cost of the contract over its term, excluding any optional renewal periods. If a fixed cost or estimated variable cost is not provided, the Company shall use the "not to exceed" value over the term of the contract, excluding optional renewal periods.

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 Company; or
4. After solicitation of a number of sources, competition is determined inadequate because only one source responded to the solicitation.

The Company'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 Company's Procurement Justification Document;
3. Approval by the CFO for non-competitive Procurements \$5,000 through \$50,000, by the CEO for Procurements greater than \$50,000 up to \$500,000, and by the Board for Procurements over \$500,000, once there has been a determination of a non-competitive situation. This approval will be documented by signing the Procurement Justification Form;
4. 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 the Company.
 - f. **Pre-award Review** - The Company shall, on request, provide for pre-award review by HHS or pass-through entity under certain limited circumstances such as:
 - i. The Company'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.
5. **Contract Provisions** - The Company'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 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, termination due to loss of funding, and termination for convenience by the Company, and shall set forth the conditions under which, and the manner by which termination shall be affected and the basis for settlement (if any).
 - c. Except as otherwise required by statute, in the event that the Company is required by the terms of a federal grant to contract (or subcontract) for construction or facility improvements, the contract(s) shall provide for the Company 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. When appropriate, any Procurement contract into which the Company enters will state the maximum amount of money for which the Company 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.
 - e. When applicable, all contracts will require the vendor to hold adequate insurance coverage that aligns with any coverage required of the Company by the State, Federal government, or other customers.
 - f. When applicable, contracts will include all addendums required by the State, Federal government regulations, or other customer requirements.
 - g. Successful completion of a background check is required for all contractors working with VHIE data.

- h. Contracts may require legal review prior to execution, as determined by the CFO. When deciding if legal review is necessary the following criteria should be assessed:
 - i. The overall complexity of the contract
 - ii. Whether the vendor will have access to VHIE data
 - iii. Whether the contract is based off of VITL’s templates or is provided by the vendor
 - iv. The dollar value of the contract.
 - i. Whether a legal review was performed will be documented on the procurement justification form. If no legal review was performed, the reasoning behind that decision shall also be documented.
 - j. Business Associate Agreements are required of any vendor who may or will have access to Personal Health Information.
6. **Debarment and Suspension** - The Company 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, the Company 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 the Company is agreeing to the vendor standard terms and conditions. Examples of such items are “shrink-wrapped” software where the Company is buying a license and pricing and terms are market based.

7. **Approval Levels** - The Chief Financial Officer may approve Procurements of up to \$50,000. The Chief Executive Officer may approve Planned Procurements of up to \$1,000,000, as long as they are made using a competitive process. The Chief Executive Officer may approve Unplanned Procurements and Non-competitive Procurements of up to \$500,000. Planned, Competitive Procurements of more than \$1,000,000, and Unplanned and / or Non-Competitive Procurements of more than \$500,000 require Board approval.

The grid below outlines the approval thresholds.

	Planned Procurement using a competitive Process	Any Unplanned Procurement	Any Procurement Using a Non-Competitive Process
Chief Financial Officer	\$50,000	\$50,000	\$50,000
Chief Executive Officer	\$1,000,000	\$ 500,000	\$500,000
Board	Over \$1,000,000	Over \$500,000	Over \$500,000

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

Enforcement

1. Any violation of this Policy could result in disciplinary action, up to and including termination of employment.
2. This Policy replaces and supersedes any and all prior policies and procedures on this subject matter as of the Effective date of this Policy.
3. The Company reserves the right to change, revise, or update this Policy at any time to reflect the Company's intentions and compliance requirements.
4. The Company 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.

References

1. [Subpart E—Cost Principles of 45 CFR Part 75](#)
2. VITL's Record Retention Policy

Review and Revision History

Date	Changes Made	Completed By
11/17/2027	Next Review Due	
7/1/2023	Policy reviewed and updated, reconfigured for new template and data for new sections added	Heidi Banks
6/4/2019	Policy revised	Robert D. Turnau, CFO
4/22/2010	Policy initiated	Rebecca Bowen, CFO

Approvals

Cara Callanan

Reviewed by Sponsor:

11/17/2023

Date

Beth Anderson

Approved by CEO:

11/17/2023

Date

Debra Royce

Approved by the Finance Committee

11/17/2023

Date