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Project Procurement Management: Best Practices

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Pocurement & Contract Management

We would like to acknowledge the Utilities Department in the preparation of this workshop….by including the Procurement Department and others will give you a better idea of the who, what, when and how the City function overall.

Thank You

Augusta Utilities Staff

For more information on the topic please refer to the procurement website at www.augusta.ga.gov

Procurement Introduction

Purchasing goods, services and works (procurement) is a critical element of project implementation. . .

- Inefficient or ineffective procurement may have serious consequences:
  - ✓ expected project results and impacts not achieved
  - ✓ delays in project implementation
  - ✓ higher cost of implementation

- Procurement is a sensitive activity:

  can be conducive to corruption and fraud
  - ✓ complexity of certain procurement actions
  - ✓ combined use of Federal, State & Local regulations / guidelines

Procurement Defined

The term "procurement" refers to the process of acquiring goods, works and services. The process spans the whole cycle from identification of needs through to the end of a services contract or the useful life of an asset

Objectives

- ✓ What is Procurement's role and responsibility in the procuring of various goods and services?
- ✓ What are the tasks involved in procurement supervision of city procurements in various departments?
- ✓ How is procurement supervision conducted?
- ✓ How are contracts managed?

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BEST PRACTICES

- **Best Practices** are defined as techniques that business units may use to help detect and *avoid problems in the acquisition*, management, and administration of contracts. Best practices are ***practical techniques*** gained from practical experience that may be used ***to improve the procurement process***

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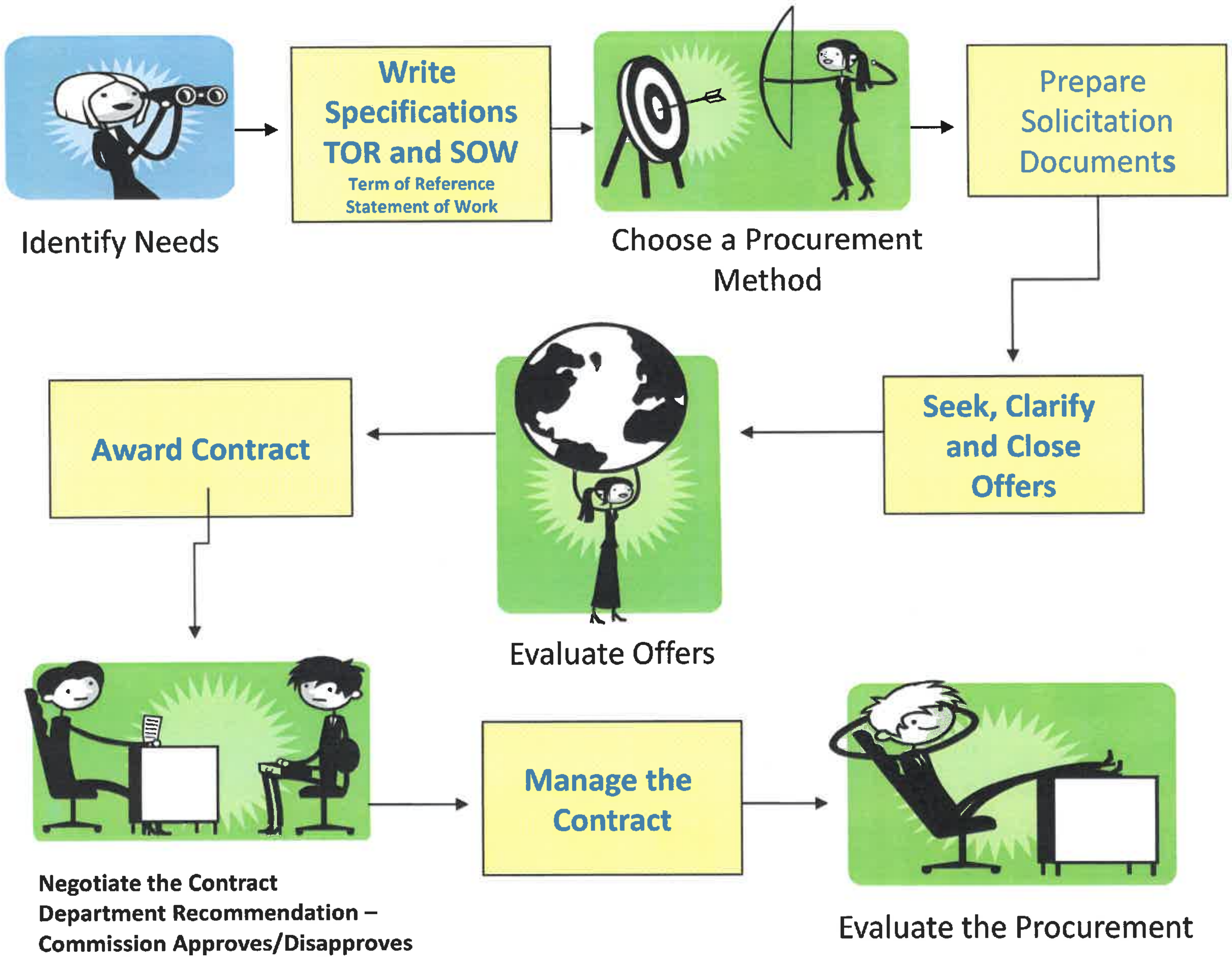
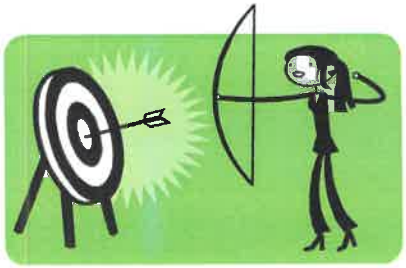
Procurement Chain



Identify Needs

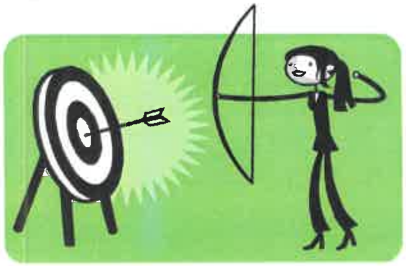
- The first step in the public procurement process is to identify requirements. All procurement requirements begin with the perception of a need. The need to cross a body of water could create a requirement to build a bridge, a ferry, or other transportation systems.

- At this stage it is necessary to clearly define the need, and this may be done by way of a study to determine the best mode to cross the body of water (given the present situation and forecasted future need), then the type of bridge to be constructed, or a comparative cost/benefit analysis to determine the best solution between a bridge and other alternatives.



Choose a Procurement Method:

- Article 6 Procurement Source Selection Methods and Contract Awards
- Sec. 1-10-48. Generally.
- Sec. 1-10-49. Purchase order.
- Sec. 1-10-50. Sealed bids selection method.
- Sec. 1-10-51. Request for proposals.
- Sec. 1-10-52. Sealed proposals.
- Sec. 1-10-53. Competitive selection procedures for professional and consultant services.
- Sec. 1-10-54. Informal bids selection methods (standard and small purchases) and authority of Administrator and General Counsel.
- Sec. 1-10-56. Sole source procurement.
- Sec. 1-10-57. Emergency procurement selection method.
- Sec. 1-10-58. Annual contracts



Choose a Procurement Method

After a determination of your method then..........

Prepare Solicitation Document

Seek, Clarify

Evaluate Offers

Seek, Clarify and Close Offers Internally

User Department Recommends an Award Contract

Commission Approves/Disapproves

Negotiate the Contract

Seek, Clarify and Close Offers Internally

↓

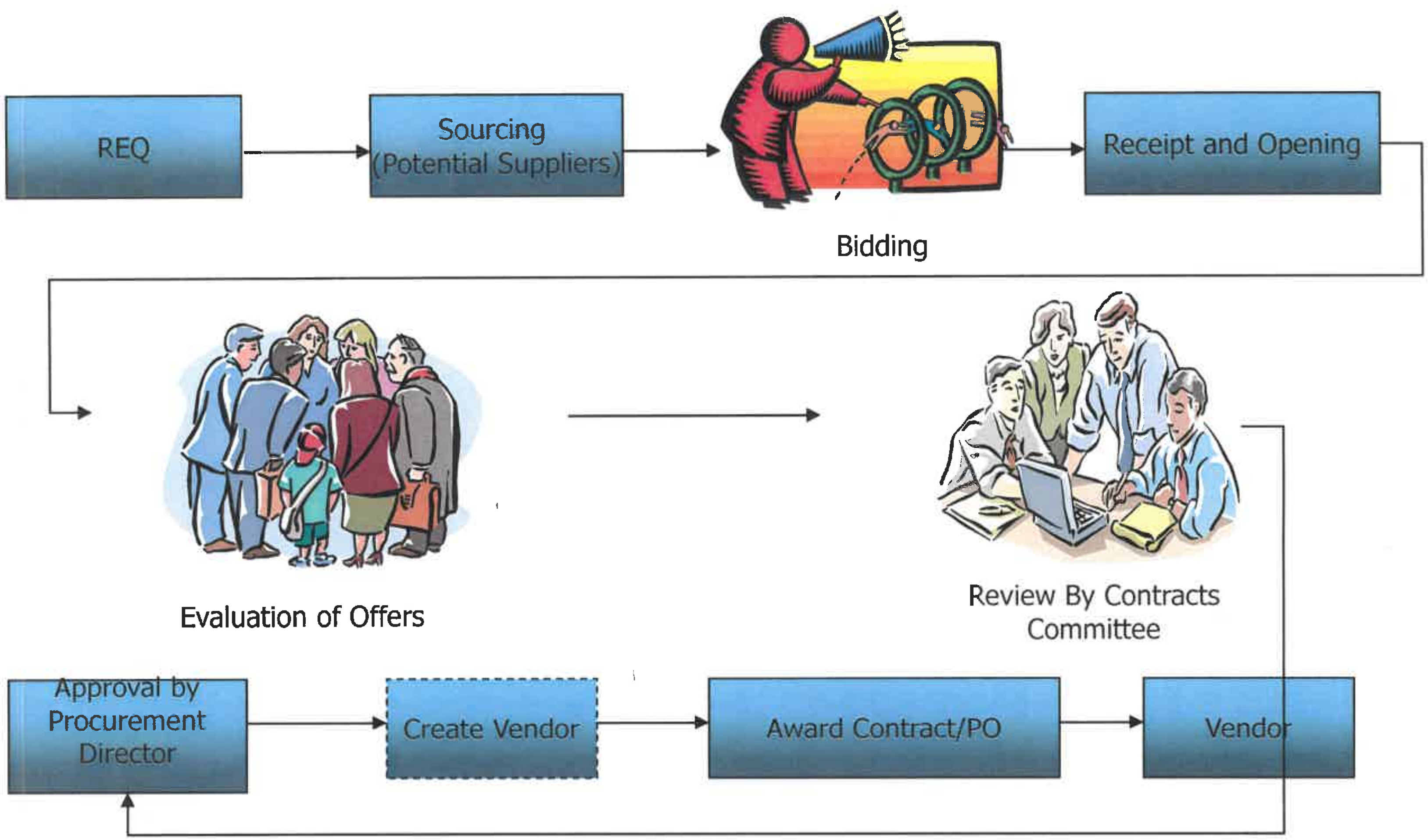
User Department Recommends an Award Contract

Manage the Contract

Seek, Clarify and Close Offers Procurement and Law Departments shall be included in making the "Final Offer".

Contract is approved by Augusta – Task is Complete

Procurement Chain Requisitions:



Requisition Process Flow

Requisition creation:

- In IFAS user department can create an approved requisition. Therefore, the documentation of the department manager's approval must take place outside of the user department. This documentation could take different forms depending on the circumstances – for example, the procurement plan attached to the project document or a signed copy of the purchase requisition.

Budget check:

- In IFAS, commitment control is implemented in the PO level. Hence although a pre-encumbrance is created once the budget check is performed, the actual budget line will not be impacted. NOTE: Until as Purchase Order is printed.

Acquisition Team (A-Team) receives duly approved and budget checked requisition through workflow and proceeds with the procurement activities.

PO Process Flow

PO creation:

-Once all procurement and contracting process are completed in accordance with Federal, State or Augusta, Georgia' regulations and rules the Procurement Director will then create a PO in IFAS.

-Enter Vendor's profile information for procurement of goods

-If the vendor does not already exist in the system, users would have to enter the vendor information and submit for approval before creating a PO

PO approval:

- once the PO is completed, it would be routed for the budget owner's approval

Budget check:

- once the PO is approved by the budget owner, Buyer would need to perform budget check to create encumbrance in the system before dispatching to vendor.

Dispatch PO

Payment Process Flow

Receipt creation:

-Once the goods or services is received, the **Accounting Department** will then create a receipt in the system.

-Asset Creation:

-Once the receipt is created back ground processes will then pick up any transaction which has an Asset Module (AM)profile and bring it over to the AM module.

Voucher creation:

- Once an invoice is received, the finance users will then create a voucher to process the payment

Budget check:

-In IFAS no additional approval is need for PO-vouchers.

-Users need to perform budget checks to liquidate the encumbrance and create an expense in the commitment control.

Matching:

-The matching process is scheduled and performed automatically in the backend.
-The matching process validates information between PO, receipt and voucher.

Payment

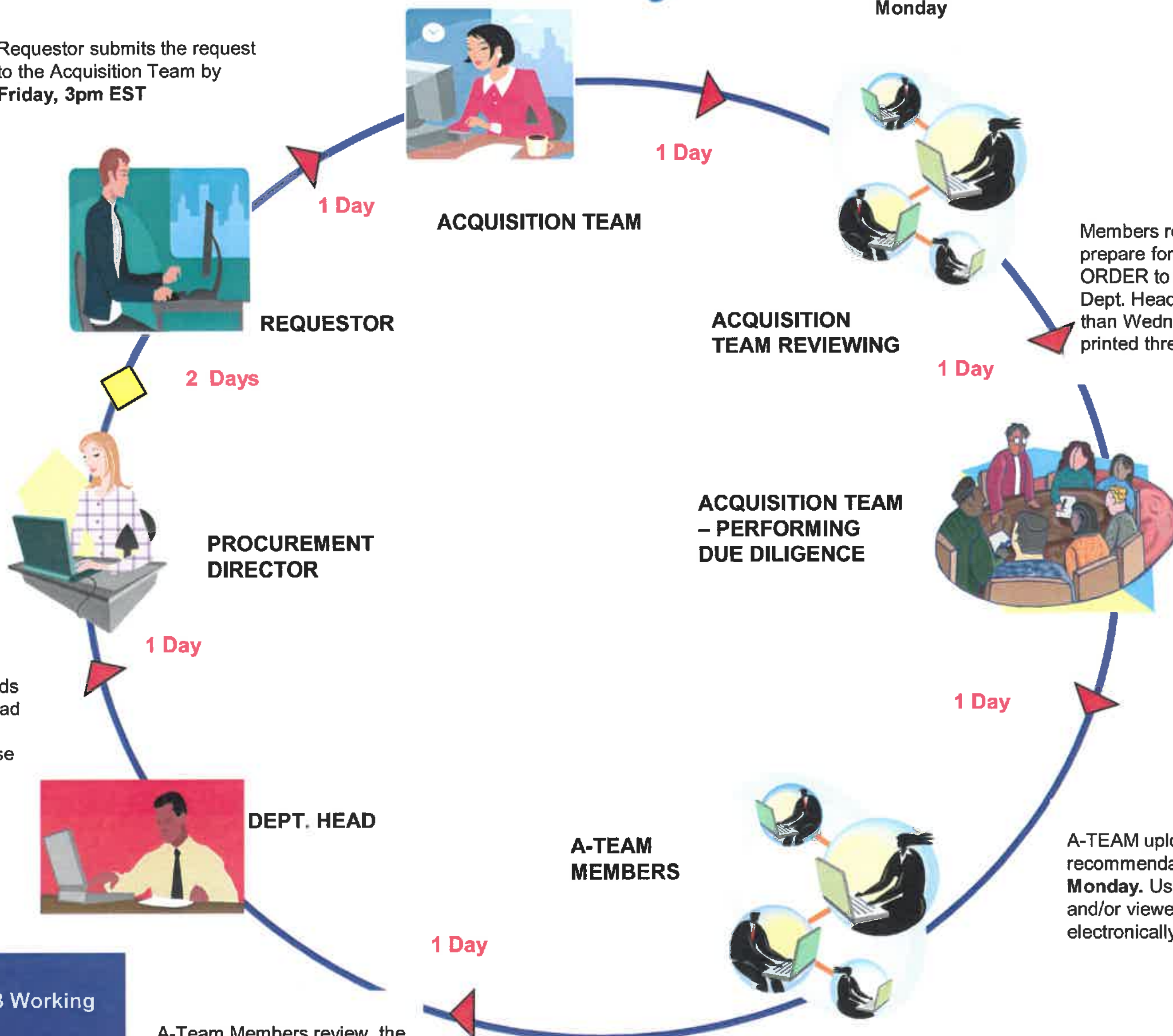
Review Cycle

Acquisition Team prepares the review notes (summary) and sends it to the Team Leader by **Monday**

Requestor submits the request to the Acquisition Team by **Friday, 3pm EST**

Purchase Orders without issues are Reviewed/Approves/Withholds or Rejects within 3-days. The action is done by **Wednesday.**

Members review the notes and prepare for the PURCHASE ORDER to be approved by Dept. Head on Tuesday no later than Wednesday. PO are printed three times daily.



Based on the A-Team recommendations, the Leader forwards the requisition to the Department Head for Approval/ Withholding/ Rejection. The Department Head prints Purchase Orders and forwards the POs to the User Department by **Monday** or Tuesday.

A-TEAM uploads the requisition recommendations online by **Monday.** Users Notification sent and/or viewed in the system electronically.

Procurement Review Cycle = 3 Working Days

* Based on the assumption that the Requestor has provided all the relevant information to facilitate a purchase order. Note: Department's average for most Purchase Orders is 2-3 days.

A-Team Members review the recommendations and they can add their comments by **Monday afternoon.**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Thank You

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Questions