

VIRGINIA PORT AUTHORITY



PURCHASING POLICIES AND PROCEDURES MANUAL

November 23, 2004

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INTRODUCTION

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INTRODUCTION

The enclosed policies and procedures represent the VPA's adherence to prudent business practices when purchasing goods and services. All purchasing will be done to support the mission of the VPA and will be in the best interest of the Commonwealth of Virginia. The VPA will continue to consider the benefits of established State contracts to procure certain goods and services. However, since such sources are no longer deemed "mandatory", the VPA management is responsible for determining the appropriate and most desirable source for each procurement.

The Virginia Port Authority is a political subdivision of the Commonwealth and is exempt from the provisions of the Virginia Public Procurement Act (VPPA) pursuant to § 2.2-4343 of the Code of Virginia. As a result, VPA is not required to follow the policies and procedures issued by the Department of General Services or other procurement-related agencies, except for transactions involving real estate acquisition. All procurement policies and procedures are under the direction of the VPA Executive Director.

Specifically, this Purchasing Policies and Procedures Manual is intended to guide all VPA procurements and ensure that the VPA:

- Obtains high quality goods and services at a reasonable cost.
- Conducts all procurements in a fair and impartial manner, avoiding any impropriety or appearance of impropriety.
- Seeks competition, consistent with the business needs of the VPA.
- Allows flexibility in fashioning details of such competition.
- Provides clear rules, in advance of competition, governing contract awards.
- Freely exchanges information between purchasers and vendors, inasmuch as such exchange does not negatively affect the business objectives of the VPA, or violate associated confidentiality requirements.
- Does not arbitrarily or capriciously exclude any qualified vendors and that all vendors have access to public business.

This manual provides information to all employees of the VPA as they identify and pursue the procurement of goods and services to fulfill the business needs of the VPA. However, as indicated herein, specific responsibilities and authorities have been defined for purchasing goods and services on behalf of the VPA. All employees are therefore directed to the VPA responsible party, as defined herein, prior to pursuing any procurement.

Certain procedures and forms referenced in this manual are subject to change, as the VPA continues to evolve its procurement operations and systems. For example, the standard State Agency Purchase Order form will continue to be used, although certain terms referenced on the

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form have been revised. *In cases where this manual appears to contradict instructions on forms or other materials, the policies and procedures documented herein will take precedence.*

The Director of Finance, and his/her staff in the VPA Finance Department, are available to assist in any purchasing activity, and to interpret and apply these policies and procedures. These policies and procedures are designed to ensure fairness and competitiveness in the VPA's procurement of goods and services and have been reviewed and adopted by the VPA's Board of Commissioners. Subsequent changes to the manual will also be reviewed and adopted by the Board of Commissioners following review and approval of the proposed changes from the Virginia Department of General Services.

CHAPTER ONE:
ETHICAL STANDARDS OF CONDUCT

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SUBJECT: 1.1 Ethics in Procurement

POLICY: It is important that VPA employees conducting procurements on behalf of the VPA avoid improprieties, as well as the appearance of such improprieties. The integrity and credibility of the procurement program requires VPA employees to be impartial, fair and free of any relationships that may cause them to be unduly partial to any vendor or product. It is up to each individual to ensure they do not violate the spirit of procurement ethics.

PROCEDURES:

Procurement ethics will always include, but may not be limited (depending on the circumstances) to, the following considerations.

1. **Legitimate Business Need.** The procurement of goods and services will be limited to those necessary to the operation and mission of the VPA, and its business interests.
2. **Conflicts of Interest.** A VPA employee is prohibited from participating in a procurement transaction if he/she (or in some cases his/her spouse or family) has an interest in the potential vendor's business.
3. **Gifts.** No VPA employee having *official responsibility*¹ for a *procurement transaction*² shall solicit, demand, accept, or agree to accept from a bidder, offeror, contractor, or subcontractor, any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised.
4. **Disclosure of Subsequent Employment.** Any VPA employee having official responsibility for a procurement transaction who accepts employment with a bidder, offeror, or contractor with whom he/she has dealt in any official capacity, must provide written notice to the VPA of his/her intention to accept such employment.
5. **Kickbacks.** Kickbacks involve getting something of value from a bidder, offeror, contractor, or subcontractor in an attempt to influence the award of business and are prohibited.

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6. **Misrepresentations.** Any VPA employee having official responsibility for a procurement transaction is prohibited from knowingly falsifying, concealing or misrepresenting material facts concerning a procurement.
7. **Insufficient Authorization.** No employee shall obligate the VPA without having received prior written authorization from an approved official. To do so is a misrepresentation of authority.

Any questions regarding the above or other procurement ethics issues, or the interpretation thereof, should be directed to the Executive Director.

The willful violation of any of the above provisions may lead to disciplinary and/or legal actions.

¹“Official responsibility” - means administrative or operating authority, whether intermediate or final, to initiate, approve, disapprove or otherwise affect a procurement transaction, or any claim resulting therefrom.

²“Procurement transaction” - means all functions that pertain to the obtaining of any goods, services or construction, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration.

CHAPTER TWO:

**OVERVIEW OF
PROCUREMENT POLICIES**

CHAPTER TWO: OVERVIEW OF PROCUREMENT POLICIES

SUBJECT: 2.1 VPA Procurement

POLICY: Subject to review and approval by the Board of Commissioners, the Executive Director will have overall responsibility for developing, interpreting and enforcing all VPA purchasing policies and procedures. The Executive Director shall have the authority to designate Contracting Officer Representatives (CORs) to review, interpret and approve contracts and other procurement documents relating to the VPA. Approval from the COR's will be required prior to pursuing the purchase of goods and services on behalf of the VPA.

PROCEDURES:

1. The Board of Commissioners will have final authorization for all procurements of \$1,000,000 and greater. Procurements of \$5,000,000 and greater require approval by the Board through resolution prior to signing of the contract. In case of emergency, the Chairman of the Board may authorize a procurement of \$5,000,000 or greater on behalf of the full Board. The Board hereby designates final authorization for all procurements under \$5,000,000 to the Executive Director. The Executive Director may designate final authorization for all procurements under \$1,000,000 to selected CORs.
2. The Executive Director is the VPA's Contracting Officer and will have overall responsibility for the review, interpretation and approval of all contracts and other procurement documents relating to the VPA.
3. The Director of Finance, or his designee(s), will approve that funds are available PRIOR to the issuance of any contract or purchase order for goods or services (not paid by Small Purchasing Charge card) by any employee of VPA to ensure adequate funding is available.
4. The Director of Finance will maintain the Purchasing Policies and Procedures Manual, issuing updates or amendments as necessary and approved by the Executive Director and adopted by the VPA Board of Commissioners, and will provide copies and changes of the Manual to VPA Department Directors, Division of Purchases and Supply, and other parties as appropriate and necessary.
5. The Director of Contracts and Real Estate will maintain guidelines regarding the utilization of Small, Women, and Minority (SWAM) contractors, the SWAM Purchasing Plan, a supplement to the Purchasing Policies and Procedures Manual, issuing updates or

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amendments as necessary and approved by the Executive Director, and will provide copies of the guidelines to VPA Department Directors and other parties as appropriate and necessary.

6. The VPA Finance Department will provide and/or coordinate training to Department Directors and staff members as necessary to ensure continued compliance with VPA policies and adherence to sound procurement practices.
7. The VPA Finance Department will ensure that payments for goods and services (or credits due) are processed timely, and in accordance with all VPA policies and procedures.
8. The placement of multiple orders within other than a reasonable time period to one or more vendors for the same, like or related goods and services in order to avoid using the appropriate method of procurement, or to remain within the delegated purchasing authority, is prohibited.
9. The VPA Finance Department will coordinate any inquiries, reviews, or audits which may be requested and conducted from time to time by the Board of Commissioners, or other State entities.
10. The Director of Finance, must be advised of, and will coordinate, all vendor disputes, appeals and resolutions.

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SUBJECT: **2.2 VPA Purchasing Authority**

POLICY: The Executive Director and his CORs will have the authority to procure items on behalf of VPA. CORs include the Director of Finance, the Director of Contracts and Real Estate, the Controller, and the Procurement and Payables Manager. Such representatives will be given the authority to procure items on behalf of the VPA and/or to designate certain individuals as having the authority to procure items on behalf of the VPA, as outlined by this Manual.

PROCEDURES:

1. The CORs will review and understand the Purchasing Policies and Procedures Manual and the SWAM Purchasing Plan, and will contact the Director of Finance with questions, or if clarification or samples are needed.

2. As designated CORs, the Director of Finance and Controller have authority to review and approve purchases up to \$50,000.
 - A. Director of Finance and Controller:
 - i. The Director of Finance and Controller shall perform purchasing activities in accordance with this Manual and other purchasing guidelines. The Director of Finance and Controller shall coordinate all purchases \$50,000 and under, obtaining additional authorizations as necessary, and maintaining documentation as specified herein. No purchases shall be made by any other employee unless specifically coordinated and authorized by the Executive Director.

 - ii. The Director of Finance and Controller shall maintain a knowledge of various categories of supplies and services used by VPA so as to better understand and satisfy user requirements.

 - iii. The Director of Finance and Controller shall be a liaison with current vendors and monitor market conditions, while searching for new sources in order to enhance the competitive environment.

 - iv. The Director of Finance and Controller will ensure that adequate funding is available prior to authorizing any procurement.

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- v. The Director of Finance and Controller shall ensure that all goods and services that were ordered are indeed received and acceptable prior to requesting payment.
 - vi. The Director of Finance and Controller will be responsible for producing and maintaining certain procurement documentation, as prescribed herein. All such documentation shall be made available for review or retention.
3. As a COR, the Procurement and Payables Manager may review and approve purchases under \$10,000.
- A. Procurement and Payables Manager:
- i. The Procurement and Payables Manager shall perform purchasing activities as directed by the Director of Finance in accordance with this Manual and other purchasing guidelines. The Procurement and Payables Manager shall coordinate all purchases under \$10,000, obtaining additional authorizations as necessary, and maintaining documentation as specified herein. No purchases shall be made by any other employee unless specifically coordinated and authorized by the Executive Director.
 - ii. The Procurement and Payables Manager shall maintain a knowledge of various categories of supplies, services and contractors used by VPA so as to better understand and satisfy user requirements.
 - iii. The Procurement and Payables Manager shall be a liaison with current vendors and monitor market conditions, while searching for new sources in order to enhance the competitive environment.
 - iv. The Procurement and Payables Manager will coordinate with the Director of Finance prior to any procurement to ensure that adequate funding is available.
 - v. The Procurement and Payables Manager shall ensure that all goods and services that were ordered are indeed received and acceptable prior to requesting payment.
 - vi. The Procurement and Payables Manager will be responsible for producing and maintaining certain procurement documentation, as prescribed herein. All such documentation shall be made available for review or retention as directed by the Director of Finance.

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4. As a COR, the Director of Contracts & Real Estate shall coordinate solicitations and prepare and review documentation for all purchases over \$50,000. The Director of Contracts & Real Estate shall approve all purchases between \$50,000 and \$1,000,000.
 - A. Director of Contracts & Real Estate:
 - i. The Director of Contracts & Real Estate shall prepare and review procurement documents for purchases over \$50,000 in accordance with this Manual and other purchasing guidelines. The Director of Contracts & Real Estate shall coordinate all formal solicitations, obtain authorizations as necessary, and maintain documentation as specified herein. No procurement document review shall be made by any other employee unless specifically coordinated and authorized by the Executive Director.
 - ii. Prior to executing any contract over \$50,000, the Director of Contracts & Real Estate shall certify that procedures and documentation required by this Manual are complete.
 - iii. The Director of Contracts & Real Estate shall maintain a knowledge of various categories of supplies, services and contractors used by VPA, so as to better understand and satisfy user requirements.
 - iv. The Director of Contracts & Real Estate will coordinate with the Director of Finance during any solicitation preparation and review to ensure that adequate funding is available prior to procurement.
 - v. The Director of Contracts & Real Estate will be responsible for producing and maintaining certain procurement documentation, as prescribed herein. All such documentation shall be made available for review or retention.

CHAPTER THREE:
STANDARD PROCUREMENT METHODS

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SUBJECT: **3.1 VPA Supply Room**

POLICY: The Administrative Clerk will maintain a Supply Room, which contains an adequate supply of commonly used materials and items which departments may utilize for VPA business purposes. The Supply Room should be considered the first source for such items.

PROCEDURES:

1. The Administrative Clerk will establish a list of materials and items to be maintained, and the target stock levels for each item to be stored in the Supply Room.
2. The Administrative Clerk will procure supplies to maintain stock in accordance with the procurement guidelines for such items, as defined herein.
3. VPA staff are encouraged to check the Supply Room when commonly used items and materials are needed in their department, and to utilize such items if available.
4. If required items are not stocked, or are out-of-stock, VPA staff should notify the Administrative Clerk before procuring the items through other methods.

SUBJECT: 3.2 State Contracts and Catalogs

POLICY: Although not considered mandatory, the VPA encourages use of State contracts and catalogs when required goods or services can be readily obtained through the contracts/catalogs in a cost effective, timely and efficient manner.

PROCEDURES:

1. Check the Master Contract List and the State Catalog to determine if the desired item is on a State contract or in the catalog. In some cases, you may need to go to the designated contract/catalog area and look up individual contracts, which are listed alphabetically by commodity name at <http://dps.dgs.virginia.gov/dps/Buyers/buyers-bottom.htm>.
2. If the item is found and is cost-competitive, complete a Purchase Order and obtain required authorizing signatures. *Include the State contract number, vendor number (VIN, FEIN, SSN), and the item number (if indicated) on the PO.*
3. Forward the PO to the vendor.
4. When the order arrives, match the packing ticket to the PO. *Notify vendor immediately if there are any discrepancies.*
5. When the invoice arrives, match the invoice to the packing ticket and PO. *Notify vendor immediately if there are any discrepancies.*
6. Prepare a Receiving Report and attach invoice, packing slip, and a copy of the PO. *Be sure that all expenditure coding information is provided on the Receiving Report.*
7. Forward the Receiving Report and attachments to the Finance Department for payment processing.
8. Forward a copy of the PO to the Finance Department for the procurement files.
9. The Finance Department reviews the Receiving Report and attachments and, if correct, processes the transaction to generate a payment. If any discrepancies are found, the Receiving Report and attachments are returned (unpaid) to the purchaser for correction.

SUBJECT: **3.3 Emergency Purchases**

POLICY: To be considered an emergency for purchasing reasons, a situation must exist which is likely to:

- Endanger life or property
- Cause injury to any person or property
- Cause cessation of essential services, operations, or functions of the VPA
- Cause financial loss or risk of loss to the VPA
- Cause non-performance of any duty or obligation of the VPA imposed by law or contract

Emergency purchases typically require justification and authorization by the Executive Director, or his CORs. Authorization of an Emergency Purchase indicates that in management’s judgment, the benefits of an immediate and direct purchase of goods or services outweigh the drawbacks of limited competition.

PROCEDURES:

1. If an emergency purchase is deemed necessary, provide the necessary documentation in Memorandum format (for purchases of \$10,000 or more), and obtain required authorizing signatures. *If the emergency is likely to endanger life or property, cause injury to any person or property, or cause cessation of essential services, operations, or functions of the VPA, the Memorandum may be completed after the fact.*
2. If practical and time permits, competition should be sought through informal solicitations or oral quotes or otherwise before issuing a Purchase Order. If competition is not practical, utilize the most direct and least time-consuming method to procure the goods and services. Typically this will be issuance of a Purchase Order, or issuance of a contract.
3. Depending on the method of procurement selected in step 2, all subsequent steps in the applicable process should be completed. *Declaring an Emergency Purchase does not relieve the purchaser from completing all necessary procurement documentation or obtaining necessary authorization signatures.*

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SUBJECT: **3.4 Sole Source**

POLICY: A purchase of goods or services, such as research services, may be considered sole source if there is only one source practicably available.

Note: Sole source must not be confused with proprietary purchases, the latter being one where only a specific brand, make, or model is acceptable, but it can be obtained from several sources (e.g. dealers, resellers, distributors).

Sole source purchases typically require justification and authorization by the Executive Director or his CORs. Authorization of a sole source indicates that in management's judgment, no other viable sources are practicably available who can supply the required good or service in a timely manner.

PROCEDURES:

1. If a sole source is deemed necessary, provide the necessary documentation in Memorandum format (for purchases of \$10,000 or more), complete a Purchase Order and obtain required authorizing signatures.
2. Forward a copy of the PO to the vendor.
3. When the order arrives, match the packing ticket to the PO. *Notify vendor immediately if there are any discrepancies.*
4. When the invoice arrives, match the invoice to the packing ticket and PO. *Notify vendor immediately if there are any discrepancies.*
5. Prepare a Receiving Report and attach the Memorandum, invoice, packing slip, and a copy of the Purchase Order. *Be sure that all expenditure coding information is provided on the Receiving Report.*
6. Forward the Receiving Report and attachments to the Finance Department for payment processing.
7. Forward a copy of the PO to the Finance Department for the purchasing files.
8. The Finance Department reviews the Receiving Report and, if correct, processes the transaction to generate a payment. If any discrepancies are found, the Receiving Report and attachments are returned (unpaid) to the purchaser for correction.

SUBJECT: **3.5 Proprietary Products**

POLICY: Proprietary purchases involve goods where only specific brands, makes or models are acceptable, but they can be obtained from several sources (e.g. dealers, sellers, distributors). Rarely do proprietary purchases involve services. If only one source is available, it is considered a Sole Source Purchase (see Section 3.4).

PROCEDURES:

1. If a proprietary product is deemed necessary, clearly and completely document the specifications for all potential suppliers. Contact the Finance Department if assistance is needed.
2. Competition should be solicited through informal solicitations (3), formal bids, RFPs or otherwise before issuing a Purchase Order. The procurement levels, methods, and authorizations outlined in Chapter 4 define the appropriate methods and authorizations.
3. Depending on the method of procurement selected in Step 2, all subsequent steps in the applicable process should be completed. *Declaring a Proprietary Product does not relieve the purchaser from completing all necessary procurement documentation or obtaining necessary authorization signatures.*

SUBJECT: **3.6 Informal Solicitations**

POLICY: Informal solicitations are an efficient method for introducing limited competition into the procurement process. This method is used after approval from the Finance Department that funds are available and when the goods or services are estimated to cost between \$10,000 - \$50,000. They are likely the quickest way to obtain goods and services competitively, but cannot be utilized in every case. For the procurement of Professional Services see section 4.4 of this manual.

PROCEDURES:

1. Define the goods or services in sufficient detail to be able to communicate the need verbally or in brief written form to potential suppliers. If specifications are too detailed or complex to be communicated verbally or on a few written pages, it is likely that a more formal process should be followed.
2. In addition to the procedures below, follow the procedures outlined in the SWAM Purchasing Plan to encourage the use of SWAM vendors.
3. Forward details of the desired commodity or service, either verbally, by facsimile, or by mail to at least three (3) potential suppliers. Provide all suppliers a reasonable and identical period of time (e.g. by C.O.B. Friday) to provide a response.
4. Document the supplier responses using the standard Bid Tabulation Sheet (for Bid Solicitations) or Scoring Sheet (for Negotiated Solicitations). Additional information provided by the suppliers should be attached as supporting documentation. Determine if the response will indeed fulfill the need and if the vendor is reasonably capable of delivering (“responsive and responsible”).
5. Bid solicitations will be awarded to the lowest-cost, responsive and responsible bidder. Negotiated solicitations will be awarded based on evaluation criteria scoring and negotiation.
6. Complete a Purchase Order for the selected vendor and obtain required authorizing signatures.
7. Forward the PO to the vendor.
8. When the order arrives, match the packing ticket to the PO. *Notify vendor immediately if there are any discrepancies.*

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9. When the invoice arrives, match the invoice to the packing ticket and PO. *Notify vendor immediately if there are any discrepancies.*
10. Prepare a Receiving Report and attach the Bid Tabulation Sheet, invoice, packing slip, and a copy of the PO. *Be sure that all expenditure coding information is provided on the Receiving Report.*
11. Forward the Receiving Report and attachments to the Finance Department for payment processing.
12. Forward a copy of the PO to the Finance Department for the procurement files.
13. The Finance Department reviews the Receiving Report and attachments and, if correct, processes the transaction to generate a payment. If any discrepancies are found, the Receiving Report and attachments are returned (unpaid) to the purchaser for correction.

SUBJECT: **3.7 Formal Bids (IFBs, Competitive Sealed Bids)**

POLICY: Formal bids, also referred to as “Invitation For Bids” and “Competitive Sealed Bids” are used to introduce open competition into the procurement process and are used after the Director of Finance approves that funds are available and when the total expenditure level is over \$50,000.00. Specifications (or Scope of Work) form the backbone of good formal bid procurements. Specifications must be:

- Sufficiently complete to ensure VPA needs are adequately met.
- Broad enough to ensure competition.
- Drawn to reflect the procurement needs of VPA, rather than favor a particular vendor.

If specifications or scope of work cannot be written to: (i) completely define the needs; (ii) permit open competition; or (iii) if quality and concept factors outweigh price factors, the competitive negotiation procurement method should be used (see Section 3.8).

Competition is considered impractical and not necessary for purchases from the Federal government, other states and their agencies or institutions, and public bodies.

PROCEDURES:

1. Define the construction, goods or non-professional services in sufficient detail to be able to communicate the need in written form (IFB) to potential bidders. The IFB should include a copy of Terms and Conditions for multi-party contracts.
2. In addition to the procedures below, follow the procedures outlined in the SWAM Purchasing Plan to encourage the use of SWAM vendors.
3. Advertise on the VPA website, in a paper of general circulation in the area of the project and in the VBO, at the discretion of the VPA.
4. Optionally, schedule and conduct a pre-bid conference for all interested bidders if the procurement is unusually large and/or complex.
5. Any changes or clarifications that are identified subsequent to notification of the IFB must be made in writing in the form of an addendum, and provided to all interested bidders.

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6. Formal bids must be sealed when received. Bids will be opened in public to avoid the appearance of any impropriety. After receiving and opening the bidder's responses, the selection process shall begin to determine the lowest-cost responsive and responsible bid. The evaluation includes determining if the bid will indeed fulfill the specifications, and if the bidder is reasonably capable of delivering ("responsive and responsible"). Bidder references may also be requested and contacted.
7. For procurements involving both goods and services, it will be considered a "service procurement" if the estimated cost of labor is more than 50% of the total purchase price. The Director of Administration must authorize all staff augmentation ("temporary staff") services regardless of expenditure level or procurement method.
8. Award will be made to the lowest-cost, responsive and responsible bidder. Negotiations of price with the lowest-cost, responsive and responsible bidder are not allowed, unless all bids exceed the total funds available.
9. Complete a Purchase Order or Multi-party Contract (contact Finance Department) for the selected contractor and obtain required authorizing signatures.
10. Forward the PO / Contract to the contractor. For contracts, obtain contractor's counter-signature.
11. When the order arrives or services are received, match the packing ticket or other documentation to the PO or contract. *Notify contractor immediately if there are any discrepancies.*
12. When the invoice arrives, match the invoice to the packing ticket and PO or contract. *Notify contractor immediately if there are any discrepancies.*
13. Prepare a Receiving Report, and attach invoice, packing slip, and a copy of the PO. *Be sure that all expenditure coding information is provided on the Receiving Report.*
14. Forward the Receiving Report and attachments to the Finance Department for payment processing.
15. Forward a copy of the PO to the Finance Department for the procurement files.
16. The Finance Department reviews the Receiving Reports and attachments and, if correct, processes the transaction to generate a payment. If any discrepancies are found, the Receiving Report and attachments are returned (unpaid) to the purchaser for correction.

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17. Competition is considered impractical and unnecessary for purchases from the Federal government, others states and their agencies and institutions, and public bodies.

SUBJECT: **3.8 Competitive Negotiations/Request for Proposals (RFPs)**

POLICY: If specifications or scope of work cannot be written to: (i) completely define the needs; (ii) permit open competition; or (iii) if performance and solution based factors outweigh price factors, the competitive negotiation procurement method should be used to procure needed goods and services. While written specifications must be developed, additional discussions, clarifications, and negotiations are usually expected as a result of the Request for Proposals (RFPs). This method is used when the total expenditure level is over \$50,000. For the procurement of Professional Services see section 4.4 of this manual.

PROCEDURES:

1. Define the construction, goods or services in sufficient detail to be able to communicate the need in written form (RFP) to potential offerors. The RFP should include a copy of Terms and Conditions for multi-party contracts.
2. In addition to the procedures below, follow the procedures outlined in the SWAM Purchasing Plan to encourage the use of SWAM vendors.
3. Advertise on the VPA website, in a paper of general circulation in the area of the project and in the VBO, at the discretion of the VPA.
4. Provide all offerors a reasonable and identical period of time (e.g. no less than 15 days from date of issuance) to provide a written quote.
5. Optionally, schedule and conduct a pre-proposal conference for all interested offerors if the procurement is unusually large and/or complex.
6. Any changes or clarifications, which are identified subsequent to issuance of the RFP must be made in writing in the form of an addendum, and provided to all interested offerors.
7. Prior to receiving proposals, the criteria to be used to evaluate the responses and select a contractor must be agreed to by the Selection Board, and published by the Finance Department, as well as posted publicly. Such Board shall consist of the Director of Contracts and Real Estate and the Director of Finance, or his designee, and other persons they may deem appropriate for the particular procurement in question. Typically this will involve specific categories, weighted to reflect the selection team's priorities, such as:

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- (i) proposed solution/approach for meeting VPAs needs; (ii) qualifications of contractor/staff; (iii) plan and schedule; (iv) prior experience and references¹; and (v) cost².
8. After receiving the offeror responses, the Selection Board shall begin the evaluation process. This includes analyzing offeror proposals relative to the published evaluation/award criteria. At the option of the Selection Board, oral presentations may be conducted. Award will not necessarily be made to the lowest-cost, responsive and responsible offeror. Negotiations of price is allowed, and should be considered along with more qualitative criteria. The other offerors may be notified, but public “proposal openings” are not required.
 9. Upon conclusion of the evaluation and negotiation process, the Selection Board shall recommend award to a vendor. The Executive Director, at his sole option, and in writing may override the decision of the Selection Board.
 10. For procurements involving both goods and services, it will be considered a “service procurement” if the estimated cost of labor is more than 50% of the total purchase price. The Director of Administration must authorize all staff augmentation (“temporary staff”) services regardless of expenditure level or procurement method.
 11. Complete a Purchase Order or Multi-party Contract (contact Finance Department) for the selected contractor and obtain required authorizing signatures.
 12. Forward the PO / Contract to the contractor. For contracts, obtain contractor’s counter-signature.
 13. When the order arrives or services are received, match the packing ticket or other documentation to the PO or contract. *Notify contractor immediately if there are any discrepancies.*
 14. When the invoice arrives, match the invoice to the packing ticket and PO or contract. *Notify contractor immediately if there are any discrepancies.*
 15. Prepare a Receiving Report, and attach invoice, packing ticket, and a copy of the PO. *Be sure that all expenditure coding information is provided on the Receiving Report.*
 16. Forward the Receiving Report and attachments to the Finance Department for payment processing.
 17. Forward a copy of the PO to the Finance Department for the procurement files.

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18. The Finance Department reviews the Receiving Report and attachments and, if correct, processes the transaction to generate a payment. If any discrepancies are found, the Receiving Report and attachments are returned (unpaid) to the purchaser for correction.
19. Competition is considered impractical and unnecessary for purchases from the Federal government, other states and their agencies or institutions, and public bodies.

¹ If reference checks are required by the evaluation criteria, then the evaluation committee must contact the references for each Offeror. A written questionnaire identifying the reference and questions to be asked should be developed. A brief summary of the answers will be recorded on the form and become a part of the file.

² The lowest price shall be scored the maximum number of evaluation points for price. The lowest price is then divided by each of the higher Offeror's proposed price in turn. The quotient is then multiplied by the points assigned for price to equal the evaluation points to be assigned to each higher price proposal.

$$\frac{\text{Lowest Price Offered}}{\text{Price of Offer being Evaluated}} = \% \text{ Factor} \times \text{Maximum Available Points} = \text{Points Assigned}$$

CHAPTER FOUR:
SPECIFIC AUTHORIZATIONS
AND
RULES

CHAPTER FOUR: SPECIFIC AUTHORIZATIONS AND RULES

SUBJECT: **4.1 Advertising, Marketing and Promotional Items**

POLICY: Advertising marketing and promotion is central to the mission of the VPA. As such, the procurement of goods and services to support such functions can vary widely, and are often obtained in combination with specific projects and events. The VPA intends to promote and utilize competition to its advantage, and will strive to obtain bids or offers for such goods and services through alternative sources and methods wherever possible and practical.

Commerce Advertising [Code 5320200] shall be used for advertising purposes only.

SUBJECT: **4.2 Airline Tickets**

POLICY: Policies and procedures for arranging and purchasing airline tickets for business purposes by VPA employees is described in the VPA Travel Regulations.

SUBJECT: **4.3 Computer Hardware, Software and Related Services**

POLICY: Due to the technical and specialized nature of computer hardware, software and related services (such as delivery, installation, programming, testing, maintenance, training and the like), each department must assess its individual needs. If a department identifies a need for computer hardware, software, and/or related service, they must follow the guidelines established pursuant to this section. The department shall evaluate the need, identify the potential products/sources, select the appropriate procurement method, initiate the required documentation, obtain expenditure authorization, place the order, receive and inspect the items, and forward the appropriate documentation to the Finance Department for payment.

Due to the highly-technical nature of rapidly evolving information technologies, VPA recognizes the value of establishing ongoing business relationships with vendors and manufacturers. As a result, VPA will seek to establish term contracts to provide consistent and reliable sources of computer products and services.

On-line services, such as those provided by the Internet, World Wide Web, America On-line, Prodigy and the like, are considered computer-related, and as such will be procured following the guidelines established in this section.

SUBJECT: **4.4 Services (Professional)**

POLICY: Professional services includes, but is not limited to, work which must be performed by an entity licensed in the practice of accounting, actuarial, architecture, land surveying, landscape architecture, law, dentistry, medicine, optometry, internet or information technology, pharmacy, or professional engineering. For procurements involving both goods and services, it will be considered a “service procurement” if the estimated cost of labor is more than 50% of the total purchase price.

Soliciting professional services differs from other services, in that costs or man-hour estimates should not be obtained during the initial solicitation.

PROCEDURES: The following specifies the procedures for the procurement of services (Professional), which are in accordance with the procedures as set out in the VPA capital outlay manual approved by the Division of Engineering and Buildings. (See additional requirements per the SWAM Purchasing Manual.):

For Procurement of Professional Services which are less than \$10,000:

- (1) Select a firm or professional from a list of firms/professionals who are qualified to render the required service.
- (2) As needed, conduct a telephone or personal interview with the firm/professional to determine availability and capability for the required service.
- (3) Negotiate fee for service.

For Procurement of Professional Services which are between \$10,000 and \$30,000:

- (1) Communicate needs, either verbally, by facsimile, or by mail to at least three (3) potential firms/professionals who are qualified to render the required service. Provide with a reasonable and identical period of time to respond.
- (2) Rank based on qualifications and experience.
- (3) Negotiate with firm/professional ranked first to establish a fee. If unable to reach agreement, the VPA may proceed to negotiate with each subsequent ranked firm/professional until a satisfactory agreement is reached.

For Procurement of Professional Services which are over \$30,000:

- (1) Advertise on the VPA website, in a newspaper of general circulation in the area of the project and in the VBO at the discretion of the VPA, requesting firms/professionals to submit a Letter of Interest.
- (2) Issue an RFP to those firms/professionals selected as qualified which indicates in general terms the nature of the project and services sought; however, the RFP will not call for Offerors to furnish estimates of man-hours, labor rates, or other costs for services.
- (3) Interview the top-ranked firms/professionals who are deemed to be fully qualified, responsible, and suitable on the basis of their responses and rank in order as suited for the required services.

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- (4) Negotiate with the firm/professional ranked first to establish a fee. If the parties cannot reach agreement, the negotiations shall be formally terminated in writing. The VPA may then proceed to negotiate with each subsequent ranked firm/professional until a satisfactory agreement is reached.

SUBJECT: **4.5 Real Estate and Construction**

POLICY: The VPA Executive Director and the Director of Contracts and Real Estate, will be responsible for reviewing and approving all contracts for real estate or construction services. Real Estate acquisitions require adherence to Section 2.2-1149 of the Code of Virginia and the DGS Real Property Management Manual. *No other contracts or services should be established or ordered directly by any department.*

Please refer to the Virginia Port Authority Capital Outlay Manual for policies and procedures related to Real Estate and Construction contracts.

SUBJECT: **4.6 Telecommunications (Office Phones, Mobile Phones, Calling Cards, Pagers, Voice Mail, Data Lines)**

POLICY: Due to the technical nature and need to standardize where possible, the Department of Administration, in conjunction with the Finance Department, will serve as the central place to request telecommunications and maintenance service.

On-line services, such as those provided by the Internet, America On-line, Prodigy and the like are considered computer-related, and as such will follow the guidelines established for computer procurements (see Section 4.3).

If a department identifies a need for telecommunications equipment and/or related service, they must follow the guidelines established pursuant to this section. The Department of Administration will evaluate the need, identify the potential products/sources, select the appropriate procurement method, initiate the required documentation, obtain expenditure authorization from the Finance Department, place the order, receive and inspect the items, and review all appropriate documentation necessary for payment.

Requests for telecommunications service should be directed to the Director of Administration, or his/her staff. Maintenance requests should be directed to the Receptionist who will maintain a record of all requests and take the necessary action to ensure the maintenance problem has been addressed.

CHAPTER FIVE:
INTERNAL CONTROLS
AND
RECORD KEEPING

CHAPTER FIVE: INTERNAL CONTROLS AND RECORD KEEPING

SUBJECT: 5.1 Budgetary Controls

POLICY: Budgetary control is essential to the procurement process at the VPA. All departments must prepare and submit a budget request each fiscal year which includes, among other items, the projected expenditure levels for procurement of goods and services. The budget should further define major procurements, which are to be obtained during the course of the year. The request will be reviewed by the Executive Director and the Director of Finance, and either approved, or revised and approved, as part of the overall VPA budgeting process.

Before any department processes an order for goods and services, the Finance Department must ensure that proper funds are available (based on the available budget) to support the payment for such items. Currently, the VPA accounting records reflect the “expenditure” of those funds once the items are received, to ensure subsequent purchases do not result in an over-expenditure of the budget.

As the VPA accounting systems evolve, an “encumbrance” of funds will be processed when an order is placed for goods or services. This will assist management in determining more accurately the level of available budget funds, since both those items received and paid for, as well as those items ordered but not yet paid for, will be reflected in the current budget reports.

PROCEDURES:

1. The Department Directors and their respective staff should participate in the preparation of the overall department budget, and submit such budget to the Finance Department for review, revision, approval and potential amendment.
2. The Finance Department will establish the approved budget in the VPA financial systems and will produce monthly reports showing the budget, less expenditures (payments), and remaining (unexpended) funds.
3. Before authorizing any purchase, the responsible person (depending on the expenditure level and procurement method, see Chapter 2) must ensure that budget funds are available. *This must be done regardless of the amount of the expenditure.*

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4. If funds are available, and all other purchasing procedures have been complied with, the procurement may be authorized and forwarded to the supplier.
5. Once the goods/services are received, and the associated invoice is processed for payment by the Finance Department, the subsequent monthly expenditure and budget reports will reflect a decrease in level of remaining (unexpended) funds.

SUBJECT: **5.2 Procurement Documentation**

POLICY: Producing and maintaining adequate documentation of all purchasing activity is another essential element of internal controls within the VPA. The documentation prescribed by this manual will be maintained in all instances. Chapters 3 and 4 specify the documentation to be produced, depending on the type of goods or services being procured, the level of the expenditure, and the procurement method utilized.

The individual departments will be responsible for developing, organizing and filing the majority of such documentation. Unless specified otherwise, the original of all key procurement documents will be forwarded to the Finance Department as prescribed herein (see Chapter 3). Copies of such documents should be retained by the departments. The original copies of such documentation will be retained by the Finance Department for an appropriate period of time, in accordance with requirements established by the State Library.

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SUBJECT: **5.3 Purchase Orders**

POLICY: Purchase Orders (POs) will be prepared for nearly all purchasing transactions of \$2,000 or more (exceptions include small purchase charge card transactions and procurements established by contract).

Changes, which are made to purchase orders once they are issued, will be documented using the Purchase Order Change form, as prescribed herein.

PROCEDURES:

1. Complete a Purchase Order form for the desired transaction. Be sure to enter all required fields, including vendor information, product information, and expenditure information. *Taking the time to ensure that all information is accurate in the beginning will eliminate extra work later.*
2. Obtain the necessary authorizing signature on the PO form. If changes are made at this point, either update the form or begin a new PO. *The signature indicates the order is appropriate and necessary, and funds are available.*
3. Forward the PO to the vendor. *If changes occur subsequent to issuance of a PO to the vendor, a Purchase Order Change form should be completed and distributed as indicated.*
4. When the order arrives, match the packing ticket to the PO. *Notify vendor immediately if there are any discrepancies.*
5. When the invoice arrives, match the invoice to the packing ticket and PO. *Notify vendor immediately if there are any discrepancies.*
6. Prepare a Receiving Report, and attach invoice, packing slip, and a copy of the PO. *Be sure that all expenditure coding information is provided on the Receiving Report.*
7. Forward the Receiving Report and attachments to the Finance Department for payment processing.
8. Forward a copy of the PO to the Finance Department for the procurement files.
9. The Finance Department reviews Receiving Reports and attachments and, if correct, processes the transaction to generate a payment. If any discrepancies are found, the Receiving Reports and attachments are returned (unpaid) for correction by the purchaser.

SUBJECT: **5.4 Contracts**

POLICY: A multi-party contract (typically two party - vendor and VPA) will be established for all procurements resulting from competitive negotiations or bids in which the total expenditure is expected to exceed \$50,000 per annum, or \$30,000 for professional services. *An exception is the purchase of goods or services from established State Contracts, which do not require a separate contract to be established by the VPA.*

The contract will include Terms and Conditions as a basis, and will include all specifications, RFP/IFBs, vendor proposals and the like, as attachments where appropriate. The actual expenditure of funds against the contract will be authorized by the issuance of Purchase Order(s) and related vendor invoices, and a properly authorized Receiving Report.

PROCEDURES:

1. Contact a COR before issuing any formal solicitations (IFBs, RFPs).
2. If the COR determines a contract will be required, assistance will be provided to ensure the solicitation documents and procurement process provide the necessary information and steps.
3. If the COR determines a contract is not necessary (i.e. only a purchase order will be issued), he/she will contact the requestor of the decision.
4. Contract Administration

The Executive Director shall either serve as the Contract Administrator or appoint, in writing, a Contract Administrator for every Contract entered into. Generally, the appointee, if any, will be the Director of Contracts and Real Estate. In the case of construction or A/E contracts, the appointee, if any, will typically be the Chief Engineer. In the case of computer or computer related contracts, the appointee, if any, will typically be the Director, Technology Resource Management. In no instance may an appointee re-delegate his or her Contract Administration assignment without the written approval of the Executive Director.

The written delegation shall include a list of the responsibilities of the Contract Administrator for the particular contract assigned.

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Generally, the duties of the Contract Administrator will include, but are not limited to, the following:

- Verification that the services or items procured meet the terms and requirements of the Contract prior to approving payment.
- Maintenance of a written list of completed deliverables and contract items outstanding.
- Monitoring of the Contract costs and payments to insure that they conform to, and do not exceed, the Contract.

5. Contract Amendments

Once a Contract has been established, and, if afterwards it is determined there is a need to revise any of the terms and conditions of the Contract, the revisions shall be made via Contract Amendment.

- Provide the necessary documentation in Memorandum format, and obtain required authorizing signatures. Only Amendments that are for changes outside the original scope of the Contract require the Memorandum and signature from the Executive Director.
- The Director of Contracts and Real Estate will provide the assistance necessary to ensure the Amendment process is complete.

SUBJECT: **5.5 Expenditure Coding**

POLICY: All VPA purchasing transactions, with the exception of materials obtained from the Supply Room, will be coded to ensure the appropriate department and cost center budgets are reduced accordingly. Further, the Finance Department should designate the applicable expenditure code for the purchase, which indicates the type of goods or services being acquired.

The Finance Department shall maintain the list of all valid department and cost center codes and expenditure codes. The Finance Department will be responsible for assigning the appropriate code from the standard code tables, and entering them on the applicable Purchase Orders and Receiving Reports.

The Finance Department will be responsible for ensuring that any purchases of Fixed Assets will be identified, and the Finance Department will be responsible for properly recording the transaction on VPA's financial records. A Fixed Asset is defined as:

Fixed Asset: A tangible or intangible Item with a cost of \$5,000 or more and a life expectancy of more than two (2) years. All costs directly related to the acquisition of a fixed asset (i.e. freight, installation) should be included in the computation of the total costs.

SUBJECT: **5.6 Procurement Advertising /Award Notification**

POLICY: In order to encourage competition, and in the interest of fair and unbiased procurements, the VPA shall advertise in appropriate newspapers of general circulation and in minority publications procurement solicitations which exceed \$50,000. Such solicitations shall also be posted in a public area of the VPA offices and on the VPA website. Notice of award decisions that exceed \$50,000 shall also be publicly posted.

The Director of Contracts and Real Estate should be notified of all such procurements, and will assist the requesting department to place the advertisements and notices. The Director of Contracts and Real Estate will also maintain a list of all such procurements and awards, and will provide the list (for review) to interested parties.

Regardless of whether the VPA places such notices, the solicitation and award of business using public funds, regardless of the level of expenditure or type of good and service, is subject to the Freedom of Information Act (see Section 5.10).

SUBJECT: **5.7 Receipt of Goods and Services**

POLICY: The procurement process does not end when the purchase order or contract is issued. The department that purchases any goods or services is responsible for ensuring that such goods and services are received in a timely manner, and in good order, relative to the procurement specifications and contracts.

Finally, payment for all items ordered and received will be done by the Finance Department only, based in part, on their receipt of all necessary procurement documentation and authorizing signatures.

PROCEDURES:

1. The receiving department will inspect all goods and services immediately upon delivery, and compare them to the procurement specifications.
2. If discrepancies are found, notify the supplier immediately and describe the problem in detail.
3. If the discrepancy goes uncorrected for five (5) days, again notify the vendor, this time in writing, attaching any specifications or other documentation that clarifies the problem, and copy the Finance Department on the letter. This notification is an Ainformal notification of discrepancy, which should be so stated in the correspondence.
4. If the receipt of goods and services is not corrected by the above steps within ten (10) business days, notify the Finance Department (a total of fifteen (15) business days after initial receipt). *The Finance Departmen, is responsible for all subsequent actions, including processing of potential vendor appeals, disputes, resolutions, and defaults.*
5. Once all goods and services are received in good order, the Receiving Report will be completed. The individual who actually receives and inspects the delivered items, and enters the receiving information on the Receiving Report, should complete and sign the report.

SUBJECT: **5.8 Vendor Invoices, Payments, and Lease Purchases**

POLICY: The VPA will only issue payments to vendors if:

- Goods or services are received in accordance with the procurement specifications.
- Expenditure coding and authorizations are evident (see Chapter 3 and Section 5.5)
- Appropriate documentation is available (see Chapters 3 and 4).

If the above criteria are met, the VPA Finance Department will process the transaction, and the vendor will receive payment, in accordance with the State Prompt Payment Act, which is to:

Promptly pay for the completed delivered goods or services by the required payment date, which shall be either: (i) the date on which payment is due under the terms of the contract for the provision of goods or services; or, (ii) if such date is not established by contract, not more than 30 days after goods or services are required or not more than 30 days after the invoice is rendered, whichever is later.

If no terms have been negotiated, but the vendor invoice specifies terms, the VPA may, in its sole discretion, accept such terms if they are favorable to the VPA, or otherwise elect to pay on a “Net 30” basis. Nothing in this section shall prohibit the VPA from establishing provisions that would grant the ability to secure discounts from vendors for early payments

Partial payments will be allowed only if the receipt of the partial shipment/delivery can be confirmed, and if the vendor invoice reflects the partial shipment/delivery (i.e. the vendor should invoice only the amount delivered, with subsequent shipments/delivery being invoiced separately).

Any items which the VPA intends to acquire through a lease arrangement, regardless of expenditure level or procurement method, must be approved by the Director of Finance prior to issuing a purchase order or contract.

All Sales and Use Taxes will be the responsibility of the vendor. *If an exemption is requested, only the Finance Department is allowed to issue a Sales and Use Tax Certificate of Exemption*

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PROCEDURES:

1. When the order arrives (or services are delivered), match the packing ticket or other materials to the Purchase Order (PO) and/or contract, if applicable. *Notify vendor immediately if there are any discrepancies.*
2. When the invoice arrives, match the invoice to the packing ticket, PO, and/or contract. *Notify vendor immediately if there are any discrepancies.*
3. Prepare a Receiving Report, and attach invoice, packing slip, and a copy of the PO. *Be sure that all expenditure coding information is provided on the Receiving Report.*
4. Forward the Receiving Report and attachments to the Finance Department for payment processing.
5. Forward a copy of the PO to the Finance Department for the procurement files.
6. The Finance Department reviews the Receiving Report and attachments and, if correct, processes the transaction to generate a payment. If any discrepancies are found, the Receiving Report and attachments are returned (unpaid) to the purchaser for correction.

SUBJECT: **5.9 Audit Reviews**

POLICY: The VPA purchasing process will be subject to audit and other reviews, as directed by the following:

- VPA Finance Department
- VPA Board of Commissioners
- Auditor of Public Accounts
- State Attorney General's Office
- Legislative Boards and Commissions

The basis for such reviews will be the VPA purchasing policies and procedures, as approved by the VPA Board and as documented herein. *All audits or other such reviews will be coordinated by the Finance Department and the Director of Finance, who shall consult with the Executive Director in connection with any such review.*

The participation in such audits or reviews by other members of the VPA management and staff, and the release of materials to support those audits/reviews, must be coordinated and authorized by the Director of Finance.

SUBJECT: **5.10 Freedom of Information Act**

POLICY: Under the Virginia Freedom Of Information Act (FOIA), Code Section 2.2-3700, information relating to the procurement of goods and services which are funded, in whole or in part, by public moneys is available for inspection by the public. The latter includes any citizen or interested person, firm, corporation, research organization, or other public entity. Such information will be made available to the public only after the award of the contract.

While the VPA will fully comply with valid FOIA requests, certain information is exempt from disclosure. This typically includes proprietary information, trade secrets, and the like, submitted by vendors as part of their bids/proposals. *Therefore, if a request for information relating to any previous or ongoing VPA procurement is made under the FOIA or otherwise, the request should be immediately referred to the Executive Director. The Executive Director will make the final determination in connection with the release of any information.*

CHAPTER SIX:
OTHER CONSIDERATIONS

CHAPTER SIX: OTHER CONSIDERATIONS

SUBJECT: 6.1 Debarred Vendors

POLICY: An individual or firm may be debarred (not allowed to do business with the VPA) for up to one year for any of the following reasons:

- Breach (default) of contract.
- Stating an unwillingness or inability to honor a binding bid.
- Falsifying or misrepresenting their abilities relative to the procurement specifications and bids in order to appear responsive.
- Conferring or offering to confer upon any VPA employee participating in a procurement (which the entity has bid on or intends to submit a bid) any gift, gratuity, favor, or advantage, present or future.
- Any cause indicating the entity is not a responsible vendor.
- Conviction of any criminal offense, antitrust law violations, or convictions indicating lack of moral or business integrity (in which cases debarment may be for three years).
- Debarment from federal procurement.

Vendors considered for debarment will be notified in writing. The vendor will have the opportunity to address the Executive Director or his/her designee in person, or in writing, within 30 days of written notification by the VPA of the potential debarment. The Executive Director or his/her designee will make the final determination as to debarment, and will notify the Finance Department, who will maintain a list of such debarred vendors. Vendors debarred by other State entities will also be considered debarred from doing business with the VPA.

A debarred individual or firm can apply for reinstatement at any time by submitting, in writing, to the Executive Director a request for reinstatement, citing actions taken to remedy the reason for debarment or actions taken to prevent recurrence of the situation that caused the debarment. A debarment may be lifted or suspended at any time if it is in the best interest of VPA. Such determination may only be made by the Executive Director or his/her designee.

SUBJECT: **6.2 Vendor Insurance, Performance Bonds, Bid Bonds**

POLICY: For service contracts under \$50,000, the need for vendors to maintain insurance coverage will be determined by the COR on a case-by-case basis.

For service contracts over \$50,000, the vendor (and all subcontractors) must agree to maintain insurance coverage during the entire term of the contract, with minimum levels to include:

- **Workers Compensation:** Statutory requirements and benefits.
- **Employer's Liability:** \$100,000
- **Commercial General Liability:** \$500,000 combined single unit, with the VPA named as an additional insured with respect to the services being provided. This coverage is to include Premise/Operations liability, Products and Completed Operations Coverage, Independent Contractor's Liability, Owner's and Contractor's Protective Liability, and Personal Injury Liability.
- **Automobile Liability:** \$500,000.

If a contract for goods or services is expected to exceed \$50,000 in total annual expenditures, the Director of Contracts and Real Estate must determine if a bid and/or performance bond will be requested prior to issuing the solicitation documents, and if such bonds will be maintained once the bids/proposals are received.

SUBJECT: **6.3 Vendor Performance Monitoring**

POLICY: The procurement process does not end when the Purchase Order or contract is issued. Monitoring vendor performance is a critical part of the process, to ensure the proposed goods or services are delivered in a timely manner, in accordance with the bid/proposal specifications, and without substitution or partial completion (unless previously approved).

For contracts over \$50,000, a contract administrator should be assigned to monitor the contract. This person may or may not be the individual who performed the procurement function, but must keep that person informed of any problems or potential problems regarding any contract or purchase order so action may be taken before such problems become critical.

Regardless of expenditure level, if a vendor fails to deliver as specified, or fails to deliver in a timely manner, the vendor should be notified immediately, and given a reasonable period of time to cure the failure (“cure period”). This is usually five (5) days after the first verbal notice, and an additional ten (10) days after written notice is provided.

If the failure persists after a reasonable cure period is allowed (usually 15 days), the Finance Department must be notified so that additional actions can be initiated as appropriate (see Section 6.4).

SUBJECT: **6.4 Vendor Appeals, Disputes, and Remedies**

POLICY: Vendors who wish to dispute or appeal a procurement decision must do so in writing within seven (7) calendar days from the date of VPA’s procurement decision. All actions taken to respond to a vendor dispute or appeal, or any action initiated by the VPA to deny withdrawal of a binding bid or to terminate a vendor contract for non-performance, must be coordinated by the Director of Finance, regardless of the goods or services being procured, the expenditure level, or the procurement method utilized. This is to help ensure that the VPA does not expose itself to unwarranted liability or mis-perceptions regarding its procurement policies and procedures.

The VPA will provide an “internal administrative appeals procedure” for resolution of the dispute, but has not established any independent administrative appeals process, such as binding arbitration. Unless negotiated otherwise in the contract with the vendor, the vendor shall retain full rights to file legal action if the VPA appeals process is not deemed satisfactory.

If a vendor dispute or appeal has been filed in writing, it should be immediately forwarded to the Director of Finance. Similarly, if a vendor has failed to perform in accordance with the contract specifications, and such failure has not been corrected after a reasonable “cure period” (see Section 6.3), the Director of Finance must be notified immediately.

In any case, the appeal/dispute process will be coordinated by the Director of Finance, with final decisions being made by the Executive Director or his/her Designee.

PROCEDURES:

1. If a vendor appeal has been filed (in writing) regarding its delivery of goods or services to the VPA, or its failure to receive an award of business (i.e. non-selection as a result of a VPA procurement process) it should be immediately referred to the Director of Finance.
2. Similarly, if the VPA finds a vendor has attempted to withdraw a binding quotation or failed to perform in accordance with the procurement/contract specification, and such failure has not been corrected after a reasonable “cure period” (see Section 6.3), the Director of Finance should be notified immediately.

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3. In either case (1 or 2 above), the Finance Department will work with the vendor to assemble and review all facts and circumstances within seven (7) calendar days after notification is received/issued.
4. The Director of Finance will review the facts and circumstances as presented, and will issue a decision to the vendor in writing within seven (7) calendar days after receiving all facts.
5. If the vendor is not satisfied with the decision, they have seven (7) calendar days to request a review by the VPA Executive Director. If the Executive Director or his/her Designee agrees to review the decision, they must do so and issue their decision to the vendor in writing within seven (7) calendar days after receiving the request.
6. If none of the above steps satisfies the vendor, they must resort to legal action if they wish to continue to pursue their claim.

An appeal/dispute by a vendor shall have no effect upon any existing contracts which have been awarded and accepted in good faith, or awards which must be made to ensure the continued operation of critical functions of the VPA, or if such other bids will expire.

SUBJECT: **6.5 Surplus/Unclaimed Property**

POLICY: Property no longer needed by the VPA is to be considered surplus property. The Director of Finance will make such determination and the Finance Department will coordinate the transfer or disposal of such items. Disposition shall be in the form of negotiated sale, abandonment in an authorized landfill, trade-ins, sealed bids, or public auctions, in accordance with the Agency Procurement and Surplus Property Manual issued by the Department of General Services, Division of Purchases and Supply.

APPENDIX A

FORMS

APPENDIX B

PROCUREMENT GUIDANCE TABLE

If total expenditure is:	You may utilize procurement method(s)*:	Which must be authorized and receipt confirmed by:	And must be documented using:
Under \$10,000	VPA Supply Room State Contracts/Catalog	Executive Director, CORs	N/A Request for Purchase/ PO
\$10,000 - \$50,000	State Contracts/Catalog Informal Solicitations (3) Emergency Purchase Sole Source	Executive Director, CORs	Purchase Order (PO) Bid Sheet/Scoring Sheet & PO Memo & PO Memo & PO
\$50,001 - \$999,999	State Contracts/Catalog Formal Bids Competitive Negotiations Emergency Purchase Sole Source	Executive Director or Director of Contracts and Real Estate	Purchase Order (PO) IFB, Bid, & PO RFP, Proposal & Contract Memo & PO Memo & PO
\$1,000,000 - \$4,999,999	State Contracts/Catalog Formal Bids Competitive Negotiations Emergency Purchase Sole Source	Executive Director	Purchase Order (PO) IFB, Bid, & PO RFP, Proposal & Contract Memo & PO Memo & PO
\$5,000,000 and over	State Contracts/Catalog Formal Bids Competitive Negotiations Emergency Purchase Sole Source	Board of Commissioners	Purchase Order (PO) IFB, Bid, & PO RFP, Proposal & Contract Memo & PO Memo & PO

NOTE: The Director of Finance, or his designee(s), will approve that funds are available PRIOR to the issuance of any contract or solicitation for goods or services by any employee of VPA to ensure adequate funding is available.

*Procurement methods are listed in order of preference (i.e. if first method is available and cost-effective, it should be utilized; otherwise, consider second method and so on). Section 3 provides detailed procedures for each procurement method.