

Tips for Improving Procurement Processes



...Increasing your procurement knowledge and assisting your entity in becoming more qualified for increased delegated purchasing authority.

TIP #1: \$5,000 Bid Limit

State Purchasing will be making changes to the GPM in the near future to provide clearer guidelines on the \$5,000 bid limit.

Official Code of Georgia § 50-5-69 states:

- a) If the needed supplies, materials, equipment, or service can reasonably be expected to be acquired for less than \$5,000.00 and is not available on state contracts or through statutorily required sources, the purchase may be effectuated without competitive bidding.

GPM, Chapter 3, Section 1: 1.2 Procedure states:

2. If the dollar amount of the purchase is less than \$5,000.00 the APO will be able to purchase the item or service without competition. If the dollar amount is more than \$5,000.00, the APO must use competitive bidding procedures.

To determine the \$5,000 bid limit and when a competitive bid should be issued the following action should occur:

1. The central purchasing office of any organization should be thoroughly analyzing their total spend on a very frequent basis (weekly for high spend) to determine what agency contracts should be in place.

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2. APOs/CUPOs should work closely with end users to review purchase orders and future needs to see where "frequent and/or similar" purchases are made that can be combined, competed, and developed into their agency contracts. The \$5,000 limit is based on the same or similar products being purchased from one or more suppliers in one fiscal year. "Like items", "items that are purchased on a frequent basis (more than 2 times annually)", or just simply "knowing that anticipated purchases will be needed for similar items across the entity" are recommendations for determining what should be combined for RFX's and exceed the \$5,000 bid limit.
3. Careful analysis is the responsibility of the APO/CUPO or designee, such as internal auditing staff, because there are no rules, policies, or guidance that will clarify this on a purchase by purchase basis.

The \$5,000 bid limit is covered extensively during the SPD "How to Conduct a Self-Audit" course and tools are demonstrated that can be used for this purpose. SPD highly encourages individuals that procure goods and services to attend this course.

Without a careful and frequent review of spend across the entity, there are many missed opportunities for savings and better use of state funds. Additionally, once an agency contract is put into place, administrative time and costs can be greatly reduced across the entity when executing numerous single purchases.

TIP #2: New Sole Source Process and Sole Source Justification Form

The sole source process in the GPM/GVM and the Sole Source Justification form were revised effective January 20, 2009. These changes are featured under "What's New" on the [State Purchasing website](#).

A Sole Source webinar was presented on January 22, 2009, by State Purchasing to discuss these changes. If you were unable to attend the webinar, you will find it online in our [webinar library](#).

TIP#3: Agency Contract Index on the Georgia Procurement Registry

All Agency Contracts should be posted to the Agency Contract Index (ACI) on the Georgia Procurement Registry (GPR). The ACI should be updated regularly to include the following information for each Agency Contract:

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- Title
- Category Description
- NIGP Code
- Contract Type
- Status (Active or Inactive)
- Effective & Expiration Dates
- Buyer

Searching the ACI for contracts posted by other entities offers great opportunities for “piggybacking”.

TIP #4: Proper Insurance Coverage to Satisfy Terms and Conditions of Solicitation

When checking to see if a Bidder is responsible, don't forget to check the Certificate of Insurance. Make sure the amounts are acceptable to the terms and conditions of the solicitation. Call the insurance provider to check the following:

1. Any claims made against the policy
2. Any pending claims against the policy

If claims have been filed, the policy may not have enough coverage left to satisfy the terms and conditions of your solicitation.

For more information regarding insurance guidelines, please see our [Insurance and Guidelines document](#), available on our website.