

# Virginia Economic Development Partnership Purchasing Policies & Procedures Manual

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## INTRODUCTION

This Purchasing Policies & Procedures Manual establishes the policies and procedures to be followed by VEDP employees fulfilling procurement and related logistical responsibilities within their delegated limits. VEDP employees shall utilize sound, prudent, and generally accepted purchasing practices when purchasing goods and services. All purchasing will support VEDP's mission and will be in the best interest of the Commonwealth of Virginia.

As an independent authority, the Virginia Economic Development Partnership is exempt from the provisions of the Virginia Public Procurement Act (VPPA). VEDP will consider the benefits of established State contracts to procure certain goods and services. Such sources are not deemed "mandatory", and VEDP management is responsible for determining the appropriate and most desirable source for each procurement. All procurement policies and procedures are established by VEDP's President and CEO within the authorization granted by VEDP's Board of Directors.

VEDP Procurement Policies and Procedures do not apply to contractors with which VEDP, or any of its subsidiaries, may engage.

VEDP's Board of Directors has adopted these policies for the procurement of goods and services. Such policies shall: guide all VEDP procurements and ensure that VEDP:

- Seeks competition to the maximum practical degree.
- Prohibits discrimination against a bidder or offeror based on race, religion, color, sex, sexual orientation, gender identity, national origin, age, disability, status as a service disabled veteran, or any other basis prohibited by federal or state law relating to discrimination in employment.
- Practices prompt payment principles for goods and services. 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.
- Provides all qualified vendors reasonable access to public business and neither arbitrarily nor capriciously excludes or discriminates against any viable offeror.
- Practices openness and administrative efficiency.
- Allows flexibility in fashioning details of such competition.
- Provides clear rules, in advance of competition, governing contract awards.
- Draws specifications that reflect VEDP's procurement needs, rather than being drawn to favor a particular vendor.
- Freely exchanges information between purchasers and vendors, inasmuch as such exchange does not negatively affect VEDP's business objectives or violate associated confidentiality requirements.

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

Certain procedures and forms referenced in this manual are subject to change, as VEDP continues to evolve its procurement operations and systems. *In cases where this manual appears to contradict instructions on forms or other materials, these policies and procedures will take precedence.*

The Controller and Procurement Manager are available to assist in any purchasing activity and to interpret and apply these policies and procedures. The provisions of this manual have been developed at the discretion of management and may be amended or canceled at any time at VEDP's sole discretion. These provisions supersede all previously issued procurement policies and procedures and may not be amended or added to without the express written approval of VEDP's President and CEO within the authorization granted by VEDP's Board of Directors.

No member of VEDP management or representative has any authority to enter into any agreement contrary to these policies and procedures relative to contracts, purchases or other areas included in this manual.

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### SECTION 1: ETHICS IN PUBLIC PROCUREMENT

**POLICY:**

It is important that VEDP employees making procurements avoid improprieties as well as the appearance of such improprieties. The integrity and credibility of the procurement program requires VEDP 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 VEDP, and its business interests. Purchasing of goods and services through VEDP's procurement process for non-VEDP use is prohibited.
2. **Conflicts of Interest.** A VEDP employee is prohibited from participating in a procurement transaction if they (or in some cases their spouse or family) have an interest in the potential vendor's business.
3. **Gifts.** No VEDP employee having official responsibility for a procurement transaction 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 VEDP 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 VEDP of their 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

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prohibited.

6. **Order Splitting.** 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 to avoid using the appropriate method of procurement or to remain within the delegated purchasing authority is prohibited.
7. **Misrepresentations.** Any VEDP employee having official responsibility for a procurement transaction is prohibited from knowingly falsifying, concealing or misrepresenting material facts concerning procurement.
8. **Insufficient Authorization.** No employee shall obligate VEDP 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 Controller, or the Procurement Manager.

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

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### SECTION 2: GENERAL PROCUREMENT POLICIES

#### 2.1 VEDP Procurement Office (Central)

**POLICY:**

VEDP will establish and maintain a central Procurement Office, reporting to the Controller, which will have overall responsibility for developing, interpreting, and enforcing all VEDP purchasing policies and procedures. In some cases (as specified herein), approval from the Procurement Office will be required prior to pursuing the purchase of goods and services on VEDP's behalf. Otherwise, the Procurement Office may delegate procurement authority to Division Senior Vice Presidents and Vice Presidents, or their designated Purchasing Agents, as long as such delegated procurements are conducted in accordance with all applicable VEDP policies and procedures.

**PROCEDURES:**

1. The Controller will maintain VEDP's Purchasing Policies and Procedures Manual, issuing updates or amendments as necessary and approved by the President and CEO, and will provide copies of the Manual to VEDP's Procurement Manager, Division Senior Vice Presidents and Vice Presidents, Purchasing Agents, and other parties as appropriate and necessary.
2. The Controller will designate a Procurement Manager as head of the Procurement Office who will support the Director, and VEDP in general, as regards purchasing activity, and will maintain purchasing documentation and related files, as specified herein, in good order. Although the Procurement Manager will work closely with the Controller on a day-to-day basis, the Procurement Manager is not authorized to approve procurements which specifically require authorization of the Controller.
3. The Controller may from time-to-time designate Purchasing Agents, who typically will report to Division Senior Vice Presidents and Vice Presidents, who will have certain authorities to process and approve procurements within the guidelines provided herein. If such guidelines or other policies and procedures are not followed, the Controller may rescind such authorizations.

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4. The Procurement Manager will maintain a record of all Purchasing Agent designations or rescissions for all persons who are capable of authorizing procurements, as prescribed herein. The Fiscal Office will keep a record of all delegated authorities and ensure that the appropriate staff is aware of such delegations.
5. VEDP's Procurement Office will provide and/or coordinate training to Division Senior Vice Presidents and Vice Presidents, managers, and Purchasing Agents as necessary to ensure continued compliance with VEDP policies and adherence to sound procurement practices.
6. VEDP's Procurement Office will coordinate with the Fiscal Office to ensure that payments for goods and services (or credits due) are processed timely, and in accordance with all VEDP policies and procedures.
7. VEDP's Procurement Office will coordinate any inquiries, reviews, or audits which may be requested and conducted from time to time by the Board of Directors, or other State entities.
8. VEDP's Procurement Office must be advised of, and will coordinate, all vendor disputes, appeals and resolutions.



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### 2.2 VEDP Purchasing Agents (Divisions)

**POLICY:** The Division Senior Vice Presidents and Vice Presidents will, with the concurrence of the Controller, designate certain individual(s) in each Division as being authorized Purchasing Agent(s). Such Agents may be delegated the authority to procure items on behalf of their Division (within designated limits), as long as they comply with all VEDP purchasing policies and procedures.

- PROCEDURES:**
1. Each designated Purchasing Agent will review and understand this Purchasing Policies and Procedures Manual and will contact the Procurement Manager (see Section 2.1) with questions, or if clarifications and samples are needed.
  2. The Purchasing Agent shall coordinate all purchases made by their division, obtaining additional authorizations as necessary, and maintaining documentation as specified herein. No purchases shall be made by any other division employee unless specifically coordinated and authorized by their Purchasing Agent.
  3. The Purchasing Agent will review the division's needs and determine the possible sources and procurement methods available to fulfill those needs (see Section 4). It is up to the Agent, under the direction of the Procurement Office, to evaluate and select which sources/methods should be evaluated for a given purchase.
  4. The Purchasing Agents may be issued a corporate purchasing card to purchase items directly, within the limits and guidelines established herein. The Agent shall be responsible for the safekeeping of the card, ensuring it is used only for purchases which are necessary to the operation and promotion of VEDP's business interests.
  5. The Purchasing Agent will coordinate with their Division Director and managers prior to any procurement to ensure that adequate funding is available, and if any questions arise as to the business need or appropriateness of the procurement.
  6. The Purchasing Agent shall ensure that all goods and services which were ordered are indeed received and acceptable prior to authorizing or requesting payment.

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7. The Purchasing Agent will be responsible for producing and maintaining certain procurement documentation, as prescribed herein. Depending on the specific item and/or dollar amount, this may require only the corporate card receipt, or could require more extensive specifications, bids, purchase orders, contracts and the like (See Section 3). All such documentation shall be made available for review or retention as directed by the Procurement Manager.

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### 2.3 VEDP Management Responsibility

**POLICY:** Although VEDP has established a Procurement Office and Division Purchasing Agents to facilitate the procurement process, Division Senior Vice Presidents and Vice Presidents will have primary responsibility for ensuring that all procurements are appropriate, adequately funded, and in VEDP's best interest.

- PROCEDURES:**
1. Division Senior Vice Presidents and Vice Presidents will identify a capable individual within their division as a designated Purchasing Agent. The Purchasing Agent will report directly to the Division Director regarding all procurement activity.
  2. The Division Director will manage the division's fiscal budget and will notify their Purchasing Agent of funds allocated for procurements, or changes thereto, during the course of the fiscal year.
  3. Division Senior Vice Presidents and Vice Presidents and/or Cost Center Managers will be required to authorize certain procurements which exceed the Purchasing Agent's limits of authorization, as defined herein, and/or assist the Purchasing Agents to obtain additional authorizations as required for a given procurement.
  4. Division Senior Vice Presidents and Vice Presidents will be responsible for ensuring that all division procurements are coordinated through their Purchasing Agent (if one so designated) or through the Procurement Office (if an Agent has not been designated for the division).
  5. Division Senior Vice Presidents and Vice Presidents and Cost Center Managers are responsible for immediately notifying their Purchasing Agent and/or the Procurement Office (depending on the circumstances) if they identify or suspect that a violation of VEDP's procurement policies have occurred or are about to occur.

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### SECTION 3: SPECIFIC RULES AND AUTHORIZATIONS

#### VEDP Procurement Levels

**POLICY:** VEDP's standard procurement methods should first be evaluated by using the Procurement Levels Guide. This Guide is established by procurement value and delineates the authorized procurement method, authorized approver, documentation, and SWAM requirements.

Certain international procurements are exempt from VEDP's standard informal and formal bid processes. These international services are usually unique in nature and are only provided by a single or limited number of vendors. An example is consulting services provided in a foreign country, requiring specific foreign marketing expertise or a business presence in that country. When such procurement is made, the procurement method will be deemed an International Procurement and will be noted on the Accounting Transmittal Form (ATF) payment request and will include a Non-Compete Determination Form and other available supporting documentation.

**PROCEDURES:** Reference the following Procurement Levels Guide for the procurement of goods and services.

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<b>VEDP Procurement Levels Guide</b>				
<b>If Total Expenditure Is</b>	<b>Authorized Procurement Methods</b>	<b>Authorized Approver</b>	<b>Payment Method/ ATF Documentation</b>	<b>Bid Requirement (SWAM Domestic Only) <sup>1</sup></b>
<b>Under \$10,000 For goods or non-professional services</b>	State Contract or eVA Portal	Procurement Manager	Corporate Purchasing Card	Procurement Manager will solicit SWAM vendors for office and technology supply bids
	Vendor Quote	Division Purchasing Agent	Purchase Order or Invoice	
<b>\$10,000 to Under \$50,000 For goods or non-professional services</b>	State Contract Informal Bid	SVP/VP SVP/VP	eVA Purchase Order 3 Bids and Purchase Order or Contract	-- Solicit a minimum of 3 bids, to include 1 SWAM vendor, if available
	Emergency Purchase	SVP/VP	Emergency Determination Form and Purchase Order or Contract	--
	Sole Source	SVP/VP	Sole Source Justification Form and Purchase Order or Contract	--
	Non-Compete	SVP/VP	Non-Compete Form and Purchase Order or Contract	--
<b>\$50,000 to Under \$100,000</b>	State Contract	SVP/VP	eVA Purchase Order	--
	Invitation for Bid	SVP/VP	3 Bids and Purchase Order or Contract	Solicit a minimum of 3 bids to include 1 SWAM vendor, if available
	Request for Proposal	SVP/VP	3 Proposals and Purchase Order or Contract	Solicit a minimum of 3 proposals to include 1 SWAM vendor, if available
	Emergency Purchase	SVP/VP	Emergency Determination Form and Purchase Order or Contract	--
	Sole Source	CAO	Sole Source Justification Form and Purchase Order or Contract	--
	Non-Compete	CAO	Non-Compete Form and Purchase Order or Contract	--
<b>\$100,000 and Up</b>	State Contract	President and CEO or Designee	eVA Purchase Order	--
	Invitation for Bid	President and CEO or Designee	4 Bids and Purchase Order or Contract	Solicit a minimum of 4 bids, to include 2 SWAM vendors, if available
	Request for Proposal	President and CEO or Designee	4 Proposals and Purchase Order or Contract	Solicit a minimum of 4 proposals, to include 2 SWAM vendors, if available
	Emergency Purchase	President and CEO or Designee		--
<b>\$100,000 and Up (Cont'd)</b>				

<sup>1</sup> E-mail Procurement Manager for available SWAM vendors or search [www.dbsd.virginia.gov](http://www.dbsd.virginia.gov). Additional guidance for vendor searches is available from VEDP's Procurement Office.

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<b>VEDP Procurement Levels Guide</b>				
<b>If Total Expenditure Is</b>	<b>Authorized Procurement Methods</b>	<b>Authorized Approver</b>	<b>Payment Method/ ATF Documentation</b>	<b>Bid Requirement (SWAM Domestic Only) <sup>1</sup></b>
	Sole Source	President and CEO or Designee and CAO	Emergency Determination Form and Purchase Order or Contract	--
	Non-Compete	President and CEO or Designee and CAO	Sole Source Justification Form and Purchase Order or Contract Non-Compete Form and Purchase Order or Contract	--

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### 3.1 Advertising, Marketing and Promotional Items

**POLICY:**

Advertising, marketing and promotion are central to VEDP's mission. As such, goods and services procurements to support such functions can vary widely, and are often obtained in combination with specific projects, events, cooperative agreements, and/or joint ventures. Obtaining advertising, marketing and promotional items is often included as a line item in the divisional budgets, or as part of a more comprehensive agreement, and is managed as such (also see Sections 3.5 and 3.6).

VEDP intends to promote and utilize competition to its advantage, and will strive to obtain bids for such goods and services through alternative sources and methods wherever possible and practical. In cases where advertising, marketing and promotional items can be obtained directly (i.e., not as an integral part of a larger cooperative agreement, event, or joint venture) standard procurement guidelines will apply.

**PROCEDURES:**

Contact VEDP's Communications & Promotions division for VEDP's branding guidelines for the procurement of advertising, marketing, and promotional items.

Contact VEDP's International Trade division for VEDP's branding guidelines for the procurement of international advertising, marketing, and promotional items.

Reference the Procurement Levels Guide, Section 3, for the procurement of goods and services.

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### 3.2 Air and Rail Tickets

**POLICY:** Policies and procedures for arranging and purchasing airline and rail tickets for business purposes by VEDP employees is described in the VEDP Travel Policies and Procedures Manual. In some cases, airline travel may be arranged by VEDP and “blocks” of tickets purchased in combination with specific projects, events, cooperative agreements, and/or joint ventures.

In all cases where multiple tickets are being purchased as a “block”, the purchase must be authorized by the Division Director, who will be responsible for ensuring the arrangements and total cost of the tickets are reasonable, appropriate, and documented as part of the overall cost of the specific project, event, cooperative agreement, and/or joint venture. (Also see sections 3.5 and 3.6).

**PROCEDURES:** Air and rail tickets may be purchased using the Agency Travel Card, the Small Purchase Charge Card, or the Travel Charge Card issued to individuals.



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### 3.3 Business Cards and Stationery

**POLICY:** Business cards and stationery may be purchased and supplied to employees, as necessary, to promote and support VEDP's business needs. In some cases (e.g., international trips) several business cards may be appropriate, and significant lead time may be needed to write, translate, proof, and print the materials.

While each division will be responsible for identifying their needs, business cards and stationery orders are placed through the Procurement Office. The Procurement Office coordinates artwork with the Communications and Promotions division, and in accordance with VEDP's Graphic Marketing Standards. The Procurement Office also ensures master business card stock is available for orders as they are requested.

**PROCEDURES:** Contact the Procurement Office with order request. Include quantity (500 per box), an electronic markup of the new card information or desired changes, and translation artwork for international cards. Cards can usually be received within seven business days.

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### 3.4 Computer Hardware, Software and Related Services

**POLICY:**

Due to the technical nature and need to standardize where possible, procurement of all computer hardware, software and related services (such as delivery, installation, programming, testing, maintenance, training and the like) will be conducted by VEDP's Information Technology (IT) division. This includes any personal computers or software, modems, printers, cables, memory chips, ink/toner cartridges, ribbons, cd's, tapes, component upgrades, or other items which are used within the Divisions, as well as items located and operated centrally on behalf of the entire VEDP.

On-line services are considered computer-related, and as such will be procured following the guidelines established in this section.

If a division identifies a need for computer hardware, software, and/or related service they must contact the IT division. The IT division will evaluate the need, identify the potential products/sources, and select the appropriate procurement method.

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

**PROCEDURES:**

In addition to the expenditure authorizations in Section 3, the Director of Information Technology must also authorize all technology procurements regardless of expenditure level or procurement method.

Reference the Procurement Levels Guide, Section 3, for the procurement of goods and services.

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### 3.5 Conferences, Trade Shows, Sponsorships, and “Master Bills”

**POLICY:**

Expenditures related to conferences, trade shows, and “master bills” will typically have two components: 1) the travel expenses incurred as a result of VEDP employee participation; and 2) sponsorship of various forums, exhibit space, and materials to be provided at the event, and in some cases sponsoring VEDP prospects and guests. Policies and procedures regarding travel expenses (item 1) are provided in the VEDP Travel Policies and Procedures Manual. This section covers all other procurements (item 2).

Conferences, trade shows, and sponsorships, by their very nature, are unique. They typically cannot be compared directly with each other, and the same event can seldom be obtained from “multiple vendor sources”. VEDP sponsorship of conferences and trade shows is often done in combination with cooperative agreements and/or joint ventures.

Trade shows, conferences, and sponsorships may be exempt from VEDP’s standard informal and formal bid processes. These procurements are usually unique in nature and are only provided by a single vendor. When such procurement is made, the procurement method will be deemed a Sole Source procurement.

**PROCEDURES:**

Conferences, trade shows, and sponsorships are most often vendor specific and not a competitively bid procurement. This type of procurement may be deemed a Sole Source and requires a Sole Source Determination Form, notation as a Sole Source on the Accounting Transmittal Form (ATF) payment request, and other available supporting documentation.

Contact VEDP’s Communications & Promotions and International Trade divisions for VEDP guidelines for the procurement of conference, trade show and sponsorship participation.

Reference the Procurement Levels Guide, Section 3, for the procurement of goods and services.

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### 3.6 Cooperatives and Joint Ventures

**POLICY:** VEDP will often work with commercial enterprises, private organizations, or other public entities to advertise, market, and promote business in the State. These arrangements, which are referred to as cooperatives or joint ventures, require substantial evaluation, planning, and negotiation before any VEDP funds are committed or expenditures are made.

**PROCEDURES:** VEDP management, and in particular The Division Senior Vice Presidents and Vice Presidents and Cost Center Managers, should, wherever appropriate, strive to introduce competition during the evaluation, planning and negotiation process before entering into a cooperative/joint venture agreement, as well as during the procurement of goods and services to support the agreement (also refer to sections 3.1 and 3.5).

All such cooperatives and joint ventures will be documented as a multi-party written agreement, with specific line-item budgets prepared and authorized in advance by the Division Director in all cases. If VEDP expects to be reimbursed by any other party for expenditures incurred by VEDP on behalf of the cooperative/joint venture, the written agreement must include a schedule for all such reimbursements. The agreement must be produced by the Division. The original agreement must be forwarded to the Procurement Office, with a copy maintained in the Division's files.

If the budget for expenditures associated with the agreement is \$100,000 or greater, authorization is required from the President and CEO or designee.

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### 3.7 Express Mail

**POLICY:** Express mail should be utilized to mail materials which are essential to “next day business”, and which could not be transmitted electronically. Priority service (e.g., guaranteed delivery by 10:00 am) should only be used on an exceptional basis, since it is significantly more expensive and may not necessarily arrive earlier than standard overnight service. It is up to each manager to ensure that such abuses do not occur in their area of responsibility.

VEDP utilizes the State contract for express deliveries, currently with United Parcel Service (UPS).

**PROCEDURES:** Shipment requests are created at the UPS website [www.ups.com](http://www.ups.com). Each division has a separate account number for invoicing purposes and the appropriate division account should be added and selected when creating an online shipping request. Detailed contract information is available at <http://dps.dgs.virginia.gov/dps/contracts/CovaContractDetail.aspx?ContractNumber=91026-09>.

Contact Information:  
United Parcel Service (UPS)  
8701 Park Central Dr., Suite 240  
Richmond, VA 23227

Contact: Patty Fallin, Business Development  
Local Phone No. (804) 261-3590  
Virginia District Toll Free No. (888) 461-5046  
Email: [pcfallin@ups.com](mailto:pcfallin@ups.com)  
Fax No. (804) 261-3523

Virginia Account Manager  
Contact: Michael Kiefer Phone No. (804) 743-4301  
Email: [mkiefer@ups.com](mailto:mkiefer@ups.com)

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### 3.8 Maintenance Services

**POLICY:** VEDP's Procurement Office will be responsible for establishing all contracts with providers of maintenance services, to include office facilities/furniture, office equipment, State and VEDP-owned vehicles, and other maintenance services as deemed necessary. In the case of computer hardware/software, all maintenance contracts will be authorized and managed by the Director of Information Technology. *No other maintenance contracts or services should be established or ordered directly by any division or cost center.*

Maintenance contracts may include scheduled/preventative maintenance, fixed periodic fees for on-call repair services, or time-and-materials rates for on-call repair services. Services may include diagnostics, cleaning, refilling/supplying, scheduled upgrades, "temporary loaners," or "total replacements (swaps)."

In most cases, the purchase of items subject to maintenance will include a warranty period, which should be evaluated prior to purchasing the items and before establishing a contract for additional maintenance periods and services. If such items are being procured, the division purchasing agent or division manager must coordinate with the Procurement Office to ensure warranty and maintenance needs are properly analyzed.

**PROCEDURES:** If maintenance (repair) is required, the Procurement Office should be contacted before requesting or dispatching maintenance services. In the case of computer hardware/software maintenance, Information Technology should be contacted through a Help Desk request.

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### 3.9 Office Supplies, Furniture, Equipment (except Computers), and Other Goods

**POLICY:** Other than those items otherwise addressed in Sections 3.1 through 3.13 of this manual, procurement of office supplies, furniture, equipment (other than computers), printing and other goods will be purchased in accordance with the rules established in this section. For procurements involving both goods and services, it will be considered a “goods” procurement if the estimated cost of goods is more than 50% of the total purchase price.

In order to ensure the consistency and quality of all furnishings, the Procurement Office will be responsible for procurement of all furniture. If a division identifies a need for furniture and/or related service, they must contact the Procurement Office. The Procurement Office will evaluate the need, identify the potential products/sources, and select the appropriate procurement method.

For purchases of (a) goods or nonprofessional services for \$200,000 or more or (b) professional services or non-transportation-related construction of \$80,000 or more, VEDP shall post notice on the Department of General Services’ central electronic procurement website or VEDP’s website on the day of award or announcement of decision to award such contract, whichever occurs first.

Procurement of any fixed assets requires special processing and accounting by the Fiscal Office. If tangible products are being ordered which are greater than \$5,000 and have an expected “life” greater than one year, contact the Procurement Office (see Section 5.3).

**PROCEDURES:** Reference the Procurement Levels Guide, Section 3, for the procurement of goods and services. In addition to the expenditure authorizations in the Procurement Levels Guide, the Procurement Office must also authorize all procurements of furniture, including modular systems, regardless of expenditure level or procurement method.

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### 3.10 Real Estate and Construction

**POLICY:**

VEDP's Procurement Office will be responsible for establishing all contracts for real estate or construction services. No other contracts or services shall be established or ordered directly by any division or cost center.

For purchases of (a) goods or nonprofessional services for \$200,000 or more or (b) professional services or non-transportation-related construction of \$80,000 or more, VEDP shall post notice on the Department of General Services' central electronic procurement website or VEDP's website on the day of award or announcement of decision to award such contract, whichever occurs first.



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### 3.11 Research Services

**POLICY:** Research services are unique and typically cannot be compared directly with each other. The same research can seldom be obtained from “multiple vendor sources” and are often a sole source procurement. VEDP’s needs for research services are often based on specific marketing projects, and can be of a consulting nature, basic research, or data services. Research services may be included as a line item in the divisional budgets, or as part of a more comprehensive agreement, and are managed as such.

**PROCEDURES:** Seek guidance from your Division Vice President identifying the need for a specific research service. The Research division may also be a resource to prevent duplicate research service subscriptions.

Reference the Procurement Levels Guide, Section 3, for the procurement of goods and services.

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### 3.12 Services (Professional and non-Professional)

#### **POLICY:**

Other than those items otherwise addressed in Sections 3.1 through 3.13 of this manual, procurement of services will be purchased in accordance with the rules established in this section. 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. In addition to the expenditure authorizations shown below, Human Resources must authorize all staff augmentation (“temporary staff”) services regardless of expenditure level or procurement method.

Professional services include work which must be performed by an entity licensed in the practice of accounting, actuarial, architecture, land survey, landscape architecture, law, medicine, optometry, pharmacy or 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.

*All legal service needs will be referred to VEDP’s in-house counsel.*

Soliciting professional services differs from other services, in that costs or man-hour estimates should not be obtained during the initial solicitation, and negotiations may be conducted with more than one entity at the same time.

All other services are deemed non-professional and VEDP’s standard procurement guidelines will apply.

For purchases of (a) goods or nonprofessional services for \$200,000 or more or (b) professional services or non-transportation-related construction of \$80,000 or more, VEDP shall post notice on the Department of General Services’ central electronic procurement website or VEDP’s website on the day of award or announcement of decision to award such contract, whichever occurs first.

#### **PROCEDURES:**

Reference the Procurement Levels Guide, Section 3, for the procurement of goods and services.

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### 3.13 Telecommunications (Office Phones, Mobile Phones, Calling Cards, Voice Mail, Data Lines)

**POLICY:** Due to the technical nature and need to standardize where possible, procurement of all telecommunications products and related services (such as delivery, installation, programming, testing, maintenance, training, local/long distance service, and the like) will be conducted by the Information Technology division.

On-line services are considered computer-related, and as such will be procured following the guidelines established in this section.

**PROCEDURES:** If a division identifies a need for telecommunications equipment and/or related service they must enter a Help Desk request to the Information Technology division. They will evaluate the need, identify the potential products/sources, and follow VEDP's standard procurement procedures for procurement of item(s).

Reference the Procurement Levels Guide in Section 3. In addition to these expenditure authorizations, the Information Technology Director must also authorize all technology procurements regardless of expenditure level or procurement method.

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### SECTION 4: STANDARD PROCUREMENT AND PAYMENT METHODS

#### 4.1 Electronic Procurement – eVA

**POLICY:** VEDP utilizes eVA as the procurement method for Procurement Office and technology supplies and equipment, and other products that can be obtained in a cost effective, timely and efficient manner.

- PROCEDURES:**
1. VEDP utilizes eVA to research State-registered vendors and products and services, solicit bids and proposals, and create requisitions and purchase orders. VEDP’s Procurement Manager and some division purchasing agents are registered eVA users, but for the most part, all eVA orders are generated from the Procurement Office.
  2. VEDP Divisions will follow current procurement policies when purchasing goods and services through eVA. For example, office supplies and information systems hardware/software procurements will be centralized through VEDP’s Procurement Manager. Other products and services not available through an eVA vendor may be purchased at the Division level on a case-by-case basis.
  3. To comply with Virginia’s efforts to increase small, women-owned and minority business procurements, VEDP has implemented the following procedures for Procurement Office and technology equipment and supplies, and other types of procurements as applicable:
    - When products or services are needed, the Division will contact the Procurement Office by e-mail with their product or service needs. Item numbers should be provided if known.
    - The Procurement Manager will obtain pricing from the State’s office supply contract vendors through the eVA procurement system to include pricing from available SWAM vendors.
    - The Procurement Manager will notify the requestor of product availability and delivery date and, if acceptable, place the order.
    - Once the products are received, the requestor will forward packing slips and invoices to the Procurement Manager for payment processing, and all invoices and costs will be

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charged to the ordering Division.

4. The Procurement Manager will certify monthly eVA purchases through the eVA Dashboard by the 5<sup>th</sup> day of the following month.
5. VEDP follows eVA's security guidelines, including designating a Security Officer to maintain user information and perform annual certification of users. The Procurement Manager approves all eVA purchases and delegates approval authority during the Procurement Manager's absences. VEDP currently utilizes eVA as a purchase order tool and efficient use of State contracts. No eVA interfacing with other systems is currently active. If eVA is unavailable, purchases will be made by approving written quotes or verbal phone orders.

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### 4.2 Corporate Purchasing Cards

#### **POLICY:**

VEDP is a political subdivision participant of the Commonwealth's Bank of America VISA purchasing charge card program, which enables streamlined procedures for procuring and paying for small dollar goods and services. The purchasing card program reduces the volume of accounts payable transactions and the associated administrative costs by eliminating vendor invoices and consolidating multiple vendor payments into one monthly payment to the charge card vendor. Suppliers are paid directly by the purchasing card contractor, currently Bank of America VISA. In addition, the purchasing card contractor provides a variety of management information reports to assist in maintaining control over purchases and payments via Works, Bank of America's online program management system.

While the use of a purchasing card leads to accounting efficiencies, VEDP maintains strict internal control over the use of cards and ensures that relevant procurement guidelines are observed. The purchasing card should be viewed at all times as an efficient means of payment, not a substitute for VEDP's procurement guidelines and procedures.

#### **Roles**

The Program Administrator and Back-up Program Administrator are registered with Bank of America as the only persons authorized to make changes (e.g., add or cancel cards, change card controls, etc.) for the purchase card at the corporate account level. The Program Administrator and Back-up Program Administrator are designated by VEDP's Controller.

#### **Card Issuance**

Purchasing cards are issued to only those individuals who have appropriate purchasing authority. When requesting a card for an employee, the applicant's supervisor must provide the Program Administrator with documentation supporting the issuance of the card, including an analysis of the potential type and level of activity and justification for per transaction and monthly limits. The employee will complete a Purchasing Card Request form and submit it to their supervisor for signature. VEDP's Program

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Administrator will apply for purchase cards directly online using the Bank of America Works system.

Cards are issued with the name of the cardholder and the cardholder's organization name embossed on the front. Cardholders must receive training and sign a Purchasing Card Employee Agreement form prior to obtaining the purchasing card.

### **Purchase Limits**

The Program Administrator sets the limits on each purchasing card to appropriate levels based on the cardholder's buying needs and card usage. Written authorization from the cardholder's supervisor is required for all limit settings and changes. A cardholder may not, under any circumstances, authorize any charge in excess of the transaction limit set by the Program Administrator. Violation of this policy could result in the loss of charge privileges for a minimum of three months or permanently. The Program Administrator maintains documentation on justification for all limit changes.

Temporary purchase limits may be requested for a one-time or unusual charge (in these circumstances, a return date to the cardholder's original purchase limits is entered in Works).

The cycle limit designates the total amount a cardholder can spend during the monthly billing cycle. This is typically referred to as the cycle or credit limit. A running balance is maintained in Bank of America's database that increases with each authorized charge until the cardholder reaches the assigned cycle limit. If the limit is reached before the end of the billing cycle, new attempts for authorization are denied.

The single transaction limit designates the maximum dollar amount allowed for cardholders to spend on each purchase or transaction. At the point-of-sale, Bank of America's system verifies the purchase amount falls within the approved transaction limit. If the amount requested for authorization exceeds the limit set by the Program Administrator, the authorization is denied. If a cardholder authorizes a charge in excess of the per transaction limit established for that card, whether by splitting the invoice, encouraging the vendor to circumvent the Bank of America denial, or any other means, this may result in the suspension

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of card privileges for a minimum of three months. Therefore, cardholders shall be mindful of transaction and monthly limits prior to making purchases on the purchasing card.

Program Administrators are permitted to obtain a purchasing card. However, they are not allowed to perform maintenance on their own card. Requests for limit increases, restriction removals, and other such changes, must be completed by the backup Program Administrator.

### **Purchase Card Use**

Purchasing cards may be issued to full or part-time employees, but not to contract workers.

Purchasing cards must be used for official VEDP purchases only and all purchases must comply with VEDP's Procurement Policy.

Use of the purchasing card for personal items or cash advances is prohibited.

If a cardholder authorizes a charge in excess of the per transaction limit established for that card, whether by splitting the invoice, encouraging the vendor to circumvent the Bank of America denial, or any other means, the card may be suspended for a minimum of three months.

The purchase of airline tickets, mass transit tickets, car rentals on the State Car Rental Contract and accommodations is permissible for VEDP employees. The purchasing cardholder should never present their purchasing card at check-in for their own travel arrangements.

The purchasing card may be used to reserve/pay for blocks of rooms for VEDP-sponsored meetings or to make a deposit on a traveling employee reservation. Once the traveling employee checks in, the accommodation charges must be made on the traveler's personal or corporate travel card and submitted as an expense reimbursement to the Fiscal Office.

A traveler who has a purchasing card cannot use their own purchasing card to check in or check out at a hotel, unless



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the traveler is making a VEDP-sponsored group reservation and the purchase cardholder is part of the group.

Note that some new airline travel regulations require that passengers who purchase electronic tickets with a charge card must produce the card at check-in. It is recommended that verification be performed with the airline of choice to determine the airline's practices.

### **Gift Card/Certificate Purchases**

Purchase of gift cards and/or gift certificates using the purchasing card is permissible for employee recognition and for speaker appreciations, attendance awards, or raffle awards at VEDP-sponsored events. Since gift cards and gift certificates are in essence cash, and generally do not have the employee's name on them, they pose a very high risk for possible abuse. Therefore, each card/certificate must contain a unique number for tracking purposes and a log must be maintained itemizing each card's unique number, card value, and recipient name.

### **Cardholder, Supervisor, Reviewer, and Approver Training**

All new cardholders, supervisors, reviewers, and approvers will receive purchase card training. Additional refresher training and card program updates will be provided as needed by the Program Administrator.

### **Purchase Card Security**

Authorized use of the purchasing card is limited to the person whose name appears on the face of the card. The purchasing card or its number must not be shared with another person who is not a vendor with whom they are conducting business. A cardholder must not share their card number with another person or the named cardholder's privileges may be suspended.

All cardholders are prohibited from sending the account number via email (even if it is included in an attachment), faxing the account number, mailing card information, or sharing card information with anyone to make a purchase. The purchasing card must be maintained in an accessible but secure location.

If the purchasing card is lost or stolen, the cardholder must **immediately** notify Bank of America and VEDP's Program Administrator.

Bank of America Cardholder Customer Service  
Toll Free #: 888-449-2273

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Collect #: 509-353-6656 outside the U.S.

<b>Billing Options</b>	VEDP's terminated employee checklists require that terminated employees must turn in all purchase cards and contact the Program Administrator in a timely manner. Enterprise Rental Car offers a direct bill option, which allows travelers who are renting an Enterprise Rental Car through the State contract in Virginia to check in without the need for a credit card. Contact Enterprise at 804-358-2388 to get the needed information to set up a purchasing card account to be charged for Enterprise charges.
<b>Enhanced Management Features</b>	Cardholders have access to Works' Payment Center to access their monthly statement. <a href="https://www.centresuite.com/Centre/Public/Logon/">https://www.centresuite.com/Centre/Public/Logon/</a> All cardholders are required to register their card in Works' Payment Center for access to their charges online. This will facilitate a timely reconciliation due to the cardholder's ability to check their charges at any time during the month.
<b>Purchase Logs</b>	Each cardholder is required to maintain a monthly Purchase Log and must update it as each purchase is made so spending limits can be monitored and purchasing activity can be reconciled to the monthly charge card statement. A Purchasing Log Excel template is available from VEDP's Program Administrator.
<b>Charge Card Statement Payment Procedures</b>	VEDP's Fiscal Office is responsible for processing payments to Bank of America <i>no later than the 7th</i> of each month. Cardholder monthly log data is uploaded into VEDP's accounting system and a check is processed for the total monthly amount due to Bank of America.  Reconciled statements are reviewed and approved in writing by the cardholder's supervisor or reviewer, then reconciled with the corresponding Bank of America VISA Card statement prior to receipt of the next Bank of America VISA Card statement.  Original payment processing documents are maintained in VEDP's accounts payable file for audit purposes.  Supporting documentation is maintained by the Program Administrator regarding limit changes for audit purposes.

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### **Program Administrator Responsibilities**

#### Daily:

- Entering cardholder data, reviewing, and approving card applications;
- Setting appropriate transaction and credit limits on each card based on the cardholder's buying needs;
- Issuing cards;
- Ensuring that Virginia Sales tax has not been charged on purchases;
- Ensuring that if a card ordered is not received in 7 business days, it is cancelled for security reasons, and requesting a new one to protect against possible mail theft.

#### Monthly:

- Monitoring on a regular basis the transactional data for the purchasing card to ensure compliance to policy (e.g., split orders, VEDP's procurement policy).

#### Annually:

- Ensuring that an annual analysis of each cardholder's card usage and card limits is performed and documented;
- Monitoring and canceling inactive cards;
- Educating cardholders in proper card usage, security, and procurement guidelines;
- Performing an annual audit of the WORKS system to identify and confirm that each users' WORKS system access is still appropriate and required and deleting all identified unnecessary user profiles immediately.

#### As Needed:

- Promptly canceling cards as appropriate;
- Ensuring agency and cardholder compliance with all purchasing card policies and procedures presented in this policy, including proper processing of monthly payments;
- Promptly notifying Bank of America of any potential or confirmed fraudulent use of the purchasing card and steps that are being taken to address the issue (e.g., card cancellation, communication with the vendor and/or Bank of America, notification of law enforcement officials as appropriate);
- Managing vendor issues pertaining to not receiving ordered goods/services or incorrect charges. If resolution cannot be made at the Program Administrator

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level, notify Bank of America, providing the necessary information referenced on the monthly bill.

- PROCEDURES:**
1. Cardholder orders approved product or service directly from participating suppliers.
  2. Supplier processes order.
  3. Corporate card company automatically checks for compliance with applicable card limits.
  4. Supplier delivers product or service; Cardholder verifies all items received.
  5. Cardholder enters the transaction onto the Corporate Purchasing Card Log and includes expenditure coding and receipts.
  6. Corporate card company arranges payment to supplier in as few as three business days.
  7. Cardholders receive a monthly statement to verify purchases.
  8. Cardholder verifies the corporate card statement, provides signature authorization on Corporate Purchasing Card Log and forwards to Procurement Office for payment processing.
  9. VEDP's Procurement Office reviews consolidated bill, compares to Corporate Purchasing Card Log and forwards to the Fiscal Office for payment.

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### 4.3 State Contracts

**POLICY:**

VEDP utilizes State contracts when goods or services can be readily obtained through a contract in a cost effective, timely, and efficient manner. Available contracts may be researched at [www.eva.virginia.gov](http://www.eva.virginia.gov).

**PROCEDURES:**

1. Check with the Procurement Office to determine if the desired item is on a State contract.
2. If the item is not on State Contract, refer to the appropriate purchasing section and Procurement Levels Guide. If the item is found to be on State Contract and is cost-competitive, request that the Procurement Manager order from the State Contract through eVA.
3. An eVA purchase order is electronically forwarded to the vendor.
4. When the order arrives, match the packing ticket to the purchase order. *Notify vendor immediately if there are any discrepancies.*
5. When the invoice arrives, match the invoice to the packing ticket and purchase order. *Notify vendor immediately if there are any discrepancies.*
6. Prepare an Accounting Transmittal Form (ATF), providing all expenditure coding information, and attach invoice, packing slip, and copy of purchase order.
7. Forward receipt to Procurement Manager for eVA orders placed on the Procurement Manager's corporate purchasing card.
8. Forward the ATF and attachments to the Fiscal Office for payment processing.
9. ATF's \$10,000 or greater are reviewed by the Procurement Office for proper procurement method and documentation before payment is generated.

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### 4.4 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 VEDP
  - Cause financial loss or risk of loss to VEDP
  - Cause non-performance of any duty or obligation of VEDP imposed by law or contract
  - Any other event which may be detrimental to VEDP and its programs and policies.

VEDP shall not be required to seek competition or engage in competitive negotiation if it determines in writing that an emergency exists and makes the purchase needed with such competition as is practicable under the circumstances. VEDP shall state in such writing 1. That the contract is being awarded on an emergency basis, 2 that which is being purchased, 3 the contractor selected for such purchase, 4 the date of the award of such contract, and 5 the relationship of such purchase to the public purpose and mission of VEDP. Such notice shall be posted on the Department of General Services' central electronic procurement website or VEDP's website on the day VEDP awards or announces its decision to awards or announces its decision to award such contract, whichever occurs first.

Emergency purchases require justification and authorization by a Division SVP or VP (\$10,000 to under \$50,000), the CAO (\$50,000 to under \$100,000) or the President and CEO and CAO (\$100,000 and above). (See Section 3.) 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, complete the Emergency Determination form (for purchases \$10,000 and above), 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 VEDP, the Emergency*

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*Determination form may be completed after the fact.*

2. If practical, competition should be solicited through informal bids 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 or services. Typically this will be issuance of a purchase order or contract.
3. Depending on the method of procurement selected in step two, all subsequent steps in the applicable process should be completed (See sections 4.1 through 4.10). *Declaring an Emergency Purchase does not relieve the purchaser from completing all necessary procurement documentation or obtaining necessary authorization signatures.*
4. Refer to VEDP's Continuity of Operations Plan (COOP) for emergency purchasing procedures during a COOP event.

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### 4.5 Sole Source

**POLICY:**

A purchase of goods or services may be considered sole source if there is only one source practicably available. A contract may be negotiated and awarded to that source without competitive negotiation. VEDP's Sole Source Form documents the basis for this determination. VEDP shall issue a written notice stating that only one source was determined to be practicably available and identifying that which is procured, the contractor selected, and the date on which the contract was or will be awarded. This notice shall be posted on the Department of General Services' central electronic procurement website or VEDP's website on the day VEDP awards or announces its decision to award such contract, whichever occurs first.

*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 require justification and authorization by a Division Director (\$10,000 to under \$50,000) or the Controller (\$50,000 to under \$100,000) or the President and CEO (\$100,000 and above). (See Section 3.) 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.

Sole source documentation will not be required for any procurement that, in the normal course of business, would ordinarily not be competitively bid, such as postal replenishment; marketing and trade shows and conventions (which are held at specific locations out of VEDP's control and not subject to alternatives); sales, marketing and advertising sponsorships (which by their very nature are sole source because they are associated with specific shows, events, or advertorial programs with specific providers of those programs and cannot be completed otherwise).

VEDP shall post notice on its website on the day of award or announcement of decision to award such contract, whichever occurs first.



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- PROCEDURES:**
1. If a sole source is deemed necessary, complete the Sole Source Justification form (for purchases \$10,000 and above), and request an eVA order from the Procurement Office.
  2. The purchase order is forwarded to the vendor.
  3. When the order arrives, match the packing ticket to the purchase order. *Notify vendor immediately if there are any discrepancies.*
  4. When the invoice arrives, match the invoice to the packing ticket and purchase order. *Notify vendor immediately if there are any discrepancies.*
  5. Prepare an Accounting Transmittal Form (ATF), providing all expenditure coding information, and attach Sole Source Justification form, invoice, packing slip, and copy of purchase order, or forward receipt to Procurement Manager for eVA orders placed on the Procurement Manager's corporate purchasing card.
  6. Forward the ATF and attachments to the Fiscal Office for payment processing.
  7. ATF's \$10,000 or greater are reviewed by the Procurement Office for proper procurement method and documentation before payment is generated.

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### 4.6 Non-Compete Determination

**POLICY:** A purchase of goods or services may be considered Non-Compete if there is only one source practicably available.

*Note: Non-Compete 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).*

Authorization of a Non-Competitive Award indicates that in management's judgment, no other viable sources are practicably available to supply the required good or service in a timely manner.

Non-Compete purchases require justification and authorization by a Division Director (\$10,000 to under \$50,000) or the Controller (\$50,000 to under \$100,000) or the President and CEO (\$100,000 and above). (See Section 3).

Non-Compete procurements may include marketing and trade shows and conventions (which are held at specific locations out of VEDP's control and not subject to alternatives); sales, marketing and advertising sponsorships (which by their very nature are non-competitive because they are associated with specific shows, events, or advertorial programs with specific providers of those programs and cannot be completed otherwise).

- PROCEDURES:**
8. If a Non-Compete determination is deemed necessary, complete the Non-Compete Determination form (for purchases \$10,000 and above), and request an eVA order from the Procurement Office.
  9. The purchase order is forwarded to the vendor.
  10. When the order arrives, match the packing ticket to the purchase order. *Notify vendor immediately if there are any discrepancies.*
  11. When the invoice arrives, match the invoice to the packing ticket and purchase order. *Notify vendor immediately if there are any discrepancies.*

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12. Prepare an Accounting Transmittal Form (ATF), providing all expenditure coding information, and attach Non-Compete Determination form, invoice, packing slip, and copy of purchase order, or forward receipt to Procurement Manager for eVA orders placed on the Procurement Manager's corporate purchasing card.
13. Forward the ATF and attachments to the Fiscal Office for payment processing.
14. ATF's \$10,000 or greater are reviewed by the Procurement Office for proper procurement method and documentation before payment is generated.

### 4.7 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, resellers, distributors). Rarely do proprietary purchases involve services. If only one source is available, it is considered a Sole Source Purchase (see Section 4.5).

VEDP will strive to define its needs in a non-proprietary fashion, where multiple brands, makes and models can be considered. However, in the case where only one is practicable (e.g., computer software upgrades), VEDP may specify manufacturer, make and model.

By definition, some level of competition is available for procuring proprietary products, and VEDP will strive to utilize such competition to its advantage when procuring proprietary products.

#### **PROCEDURES:**

1. If a proprietary product is deemed necessary, clearly and completely document the specifications for all potential suppliers. Contact the Procurement Office for approval.
2. Competition should be solicited through informal bids, formal bids, RFP's or otherwise before issuing a Purchase Order. The procurement levels, methods, and authorizations outlined in Section 3 define the appropriate methods and authorizations.

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3. Depending on the method of procurement selected in step 2, all subsequent steps in the applicable process should be completed (See sections 4.1 through 4.10). *Declaring a proprietary product does not relieve the purchaser from completing all necessary procurement documentation or obtaining necessary authorization signatures.*

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### 4.8 Informal Bids (Authorized for purchases up to and under \$50,000)

**POLICY:** Informal bids, which include “Telephone Quotations” and “Written Quotes” are an efficient method for introducing limited competition into the procurement process. They are typically used when the goods or services are readily definable, and the total expenditure level is relatively low. They are likely the quickest way to obtain goods and services competitively but cannot be utilized in every case (See Section 3 to determine when/if informal bids are allowed).

- 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 (See Sections 4.8 and 4.9).
  2. Forward the specifications, either verbally, by e-mail, by facsimile, or by mail, to at least three (3) potential suppliers, to include one SWAM vendor. Provide all suppliers a reasonable and identical period of time (e.g., by C.O.B Friday) to provide a verbal or written quote. A Bid Sheet is available on VEDP’s Intranet site.
  3. Document the supplier quotes. Additional information provided by the suppliers (if any) should be attached. This includes determining if the bid will indeed fulfill the specifications and if the vendor is reasonably capable of delivering (“responsive and responsible”).
  4. Award will be made to the lowest-cost, responsive and responsible bidder. The other bidders may be notified, but public “bid openings” are not required.
  5. A purchase order may be requested from the Procurement Office.
  6. Purchase order is forwarded to vendor.
  7. When the order arrives, match the packing ticket to the purchase order. *Notify vendor immediately if there are any discrepancies.*

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8. When the invoice arrives, match the invoice to the packing ticket and purchase order. *Notify vendor immediately if there are any discrepancies.*
9. Prepare an Accounting Transmittal Form (ATF), providing all expenditure coding information, and attach bid documentation, invoice, packing slip, and copy of purchase order.
10. Forward the ATF and attachments to the Fiscal Office for payment processing.
11. ATF's \$10,000 or greater are reviewed by the Procurement Office for proper procurement method and documentation before payment is generated.

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### 4.9 Formal Bids - \$50,000 and above (IFB's and Sealed Bids)

#### **POLICY:**

Formal bids also referred to as “Invitations For Bid” (IFB) and “Sealed Bids” are used to introduce open competition into the procurement process. Specifications (or Scope of Work) form the backbone of good formal bid procurements. Specifications must be:

- Sufficiently complete to ensure VEDP’s needs are adequately met.
- Broad enough to ensure competition.
- Drawn to reflect VEDP’s procurement needs 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 4.9).

#### **PROCEDURES:**

1. Define the goods or services in sufficient detail to be able to communicate the need in written form (IFB) to potential suppliers. The IFB shall include a copy of VEDP’s standard General Terms and Conditions for multi-party contracts.
2. Forward the IFB to at least three potential suppliers to include one small, woman owned, and/or minority owned (SWAM) potential supplier, when available, for contract values between \$50,000 and under \$100,000; and to four potential suppliers to include two SWAM potential suppliers, when available, for contract values \$100,000 and higher, and advertise as prudent and applicable (see Section 5.5). Contact the Procurement Office for assistance in identifying potential suppliers. Provide all suppliers a reasonable and identical period of time (e.g., by C.O.B July 15) to provide a written quote.
3. Optionally, the Procurement Manager is available to assist with scheduling and conducting a bidder’s conference for all interested suppliers if the bid is unusually large and/or complex.
4. Any changes or clarifications which are identified subsequent to issuance of the IFB must be made in writing and forwarded to all interested suppliers.

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5. Receive the vendor responses, and begin the evaluation process. This includes determining if the bid will indeed fulfill the specifications and if the vendor is reasonably capable of delivering (“responsive and responsible”). Vendor references may also be requested and contacted.
6. Award will be made to the lowest-cost, responsive and responsible bidder. The other bidders may be notified, but public “bid openings” are not required.
7. A purchase order or contract may be requested from the Procurement Office. Forward the purchase order /contract to vendor. For contracts, obtain vendor’s counter-signature.
8. When the order arrives or services are received, match the packing ticket or other documentation to the purchase order or contract. *Notify vendor immediately if there are any discrepancies.*
9. When the invoice arrives, match the invoice to the packing ticket and purchasing order or contract. *Notify vendor immediately if there are any discrepancies.*
10. Prepare an Accounting Transmittal Form (ATF), providing all expenditure coding information, and attach invoice, packing slip, and copy of purchase order.
11. Forward the ATF and attachments to the Fiscal Office for payment processing.
12. ATF’s \$10,000 or greater are reviewed by the Procurement Office for proper procurement method and documentation before payment is generated.



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### 4.10 Competitive Negotiations - Request for Proposals (RFP)

**POLICY:**

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 to procure needed goods and services. While written specifications must be developed, additional discussions, clarifications, and negotiations are usually expected as a result of RFP's.

**PROCEDURES:**

1. Requests for Proposal are created, distributed, and awarded from the Procurement Office. Division staff shall provide the Procurement Manager with defined goods or services in sufficient detail to be able to communicate the need in written form (RFP) to potential suppliers. The RFP should include a copy of VEDP's standard General Terms and Conditions for multi-party contracts.
2. Forward the RFP to as at least three potential suppliers to include one small, woman owned, and/or minority owned (SWAM) potential suppliers, when available, for contract values between \$50,000 and under \$100,000; and four potential supplies to include two SWAM potential suppliers, when available, for contract values \$100,000 and higher, and advertise as prudent and applicable (see Section 5.5). Contact the Procurement Office for assistance in identifying potential suppliers. Provide all suppliers a reasonable and identical period of time (e.g., by C.O.B July 15) to provide a written response.
3. Optionally, schedule and conduct a proposal conference for all interested suppliers if the RFP is unusually large and/or complex.
4. Any changes or clarifications which are identified subsequent to issuance of the RFP must be made in writing and forwarded to all interested suppliers.
5. Prior to receiving proposals, the criteria to be used to evaluate the responses and select a vendor must be agreed to by the procurement selection team (committee), and published by the Procurement Office. Typically this will involve specific categories, weighted to reflect the selection team's priorities,

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- such as; (i) proposed solution/approach for meeting VEDP's needs; (ii) qualifications of vendor/staff; (iii) plan and schedule; (iv) prior experience and references; and (v) cost.
6. Receive the vendor responses and begin the evaluation process. This includes analyzing vendor proposals relative to the published evaluation/award criteria. Award will not necessarily be made to the lowest-cost, responsive and responsible bidder. Negotiation of price is allowed and should be considered along with more qualitative criteria. The other bidders may be notified, but public "bid openings" are not required.
  7. The Procurement Office will complete a purchase order or contract for the selected vendor and obtain required authorizing signatures.
  8. The purchase order/contract is forwarded to vendor. For contracts, obtain vendor's counter-signature.
  9. When the order arrives or services are received, match the packing ticket or other documentation to the purchase order or contract. *Notify vendor immediately if there are any discrepancies.*
  10. When the invoice arrives, match the invoice to the packing ticket and purchase order or contract. *Notify vendor immediately if there are any discrepancies.*
  11. Prepare an Accounting Transmittal Form (ATF), providing all expenditure coding information, and attach invoice, packing ticket, and copy of purchase order.
  12. Forward the ATF and attachments to the Fiscal Office for payment processing.
  13. ATF's \$10,000 and greater are reviewed by the Procurement Office for proper procurement method and documentation before payment is generated.

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### 4.11 Contracts

**POLICY:**

A multi-party contract (typically two party – vendor and VEDP) may be established for procurements, usually as a result of an informal or formal bid process.

The contract will include VEDP's General Terms and Conditions, and will include all specifications, RFP's/IFB's, vendor proposals and the like, when 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 Accounting Transmittal Form.

**PROCEDURES:**

1. Contact the Procurement Office before entering into a contract.
2. If the Procurement Office determines a contract will be required, assistance will be provided to ensure the solicitation documents and procurement process provides the necessary information and steps.
3. Order splitting is prohibited. Order splitting is 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 to avoid using the appropriate method of procurement or to remain within the delegated purchasing authority. Order splitting results in higher administrative costs and is a highly inefficient practice. Requirements should be combined when practical to obtain quantity discounts and other administrative efficiencies.

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### SECTION 5: INTERNAL CONTROLS AND RECORD KEEPING

#### 5.1 Budgetary Controls

**POLICY:**

Budgetary control is essential to VEDP's procurement process. All divisions and cost centers 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 operating plan should further define major procurements that are to be obtained during the course of the year. The operating plan will be approved by the President and CEO and the VEDP Board.

Before any division or cost center processes an order for goods and services, management must ensure that proper funds are available (based on the available budget) to support the payment for such items. Currently, VEDP 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.

**PROCEDURES:**

1. The Division Senior Vice Presidents and Vice Presidents, Cost Center Managers, and Purchasing Agents should participate in the preparation of the overall division budget, and submit to the Fiscal Office for review, revision, approval and potential amendment during the year.
2. The Fiscal Office will establish the approved budget in VEDP's 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 Section 3) must ensure that budget funds are available.
4. If funds are available, and all other purchasing procedures have been complied with, the procurement may be authorized and forwarded to the supplier. This results in the "encumbrance" of division funds, although the current VEDP systems do not track the encumbrance. *The divisions/Purchasing Agents are responsible for tracking the order and the associated "encumbrance" until received.*

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Once the goods/services are received, and the associated invoice is processed for payment by the Fiscal Office, the subsequent monthly expenditure and budget reports will reflect a decrease in level of remaining (unexpended) funds.

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### 5.2 Procurement Documentation

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

**PROCEDURES:** The divisions will be responsible for developing, organizing and submitting the majority of such documentation. Unless specified otherwise, the original of all key procurement documents will be forwarded to the Procurement Office (Fiscal Office for ATF's and Invoices), as prescribed herein (see Section 4). The original copies of such documentation will be retained by the Procurement Office for an appropriate period of time.

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### 5.3 Expenditure Coding

**POLICY:** All VEDP purchasing transactions will be coded to ensure the appropriate division and cost center budgets are reduced accordingly.

**PROCEDURES:** Division management shall designate the applicable expenditure code for the purchase, which indicates the type of goods or services being acquired.

The Fiscal Office shall maintain the list of all valid division and cost center codes and expenditure codes, and provide copies of such lists to all division Purchasing Agents. Each Division Purchasing Agent will be responsible for assigning the appropriate code from the standard code tables, and entering them on the applicable Accounting Transmittal Forms and corporate card logs.

The Procurement Office will ensure that any purchases of Fixed Assets are identified, and the Fiscal Office will record the transaction on VEDP's financial records. A Fixed Asset is defined as:

A tangible or intangible item with a cost of \$5,000 or more and a life expectancy of more than one (1) year. 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.

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### 5.4 Receipt of Goods and Services

**POLICY:**

The procurement process does not end when the purchase order or contract is issued. The division 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.

In addition, the receipt of goods will be acknowledged by both the individual who originally authorized the purchase, as well as a division Purchasing Agent or manager who is independent of the original procurement decision.

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

**PROCEDURES:**

1. The receiving division 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 which clarifies the problem, and copy the Procurement Office on the correspondence. This notification is an “informal 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 Procurement Office (a total of fifteen (15) business days after initial receipt). *The Procurement Office 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 Accounting Transmittal Form (ATF) will be completed. This includes obtaining signatures from the individual who originally



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authorized the procurement (Purchasing Agent or VEDP management), as well as the signature of someone independent of the original decision (Purchasing Agent or VEDP manager). The latter should be the individual who actually receives and inspects the delivered items, and enters the receiving information on the ATF.

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### 5.5 Vendor Invoices, Payments, and Lease Purchases

**POLICY:**

VEDP will only issue payments to vendors if:

- Goods or services are received in accordance with the procurement specifications (see Section 5.5).
- Expenditure coding and authorizations are evident (see Sections 3 and 5.3)
- Appropriate documentation is available (see Sections 3 and 4).

If the above criteria are met, VEDP's Fiscal Office will process the transaction, and the vendor will receive payment in accordance with VEDP's payment policy.

If no terms have been negotiated but the vendor invoice specifies terms, VEDP may, in its sole discretion, accept such terms if they are favorable to VEDP, or otherwise elect to pay on a "Net 30" basis.

VEDP shall promptly pay for the completely delivered goods or services by the required payment date. 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 VEDP intends to acquire through a lease arrangement, regardless of expenditure level or procurement method, must be approved by the Controller 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 Procurement Office is allowed to issue a Sales and Use Tax, Certificate of Exemption.*

**PROCEDURES:**

1. When the order arrives (or services are delivered), match the packing ticket or other materials to the purchase order 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, purchase order, and/or contract. *Notify vendor immediately if there are any discrepancies.*

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3. Prepare an Accounting Transmittal Form (ATF), providing all expenditure coding information, and attach invoice, packing slip, and copy of purchase order.
4. Forward the ATF and attachments to the Fiscal Office for payment processing.
5. ATF's \$10,000 or greater are reviewed by the Procurement Office for proper procurement method and documentation before payment is generated.

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### 5.6 Audit Reviews

**POLICY:** VEDP's purchasing process will be subject to audit and other reviews, as directed by the following:

- VEDP Fiscal Office
- VEDP Board of Directors
- Auditor of Public Accounts
- State Attorney General's Office
- Legislative Boards and Commissions

The basis for such reviews will be VEDP's Purchasing Policies and Procedures, as approved by the VEDP Board and as documented herein. *All audits or other such reviews will be coordinated by the Procurement Office and the Controller.*

**PROCEDURES:** The participation in such audits or reviews by other members of VEDP management and staff, and the release of materials to support those audits/reviews, must be coordinated and authorized by the Controller.

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### 5.7 Freedom of Information Act

**POLICY:** Under the Freedom Of Information Act (FOIA), 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.

While VEDP 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.

**PROCEDURES:** If a request for information relating to any previous or ongoing VEDP procurement is made under the FOIA or otherwise, the request should be immediately referred to the Controller and VEDP's counsel.

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### SECTION 6: OTHER CONSIDERATIONS

#### 6.1 Preferred Vendors

**POLICY:**

All VEDP procurements will provide qualified vendors reasonable access to participate in the process, and no vendor will be arbitrarily or capriciously excluded or discriminated against.

Notwithstanding the foregoing, public procurement policy in general and VEDP's policy in particular allows for reasonable preferences to be included in the bid specifications and selection criteria which favor:

- Small, women-owned, and minority businesses.
- Products or services produced in Virginia.
- Products which utilize recycled goods or "less toxic" manufacturing methods.

Regarding the first preference, VEDP does not have a "set aside" program for participation of small, women-owned, and minority-owned business. However, VEDP's Procurement Office encourages participation of such businesses by obtaining lists of firms from the Department of Minority Business Enterprise and other sources; referring to the list as procurement needs are identified; and actively soliciting the participation of such firms in applicable procurements.

**PROCEDURES:**

Contact the Procurement Office for available and preferred vendors for your particular procurement.

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### 6.2 Debarred Vendors

**POLICY:** An individual or firm may be debarred (not allowed to do business with VEDP) 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 VEDP 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.
- A determination by VEDP's President and CEO that the entity has used abusive language, threats, or other conduct deemed unprofessional or inappropriate during the conduct of business.
- 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).

The President and CEO or designee will make the final determination as to debarment, and will notify the Purchase Office, who will maintain a list of such debarred vendors. Vendors debarred by other State entities will also be considered debarred from doing business with VEDP.

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### 6.3 Vendor Insurance, Performance Bonds, Bid Bonds

**POLICY:**

Vendors providing services to VEDP are required to maintain the insurance coverage noted below. VEDP may waive this requirement on a case-by-case basis.

- **Workers Compensation:** Statutory requirements and benefits.
- **Employer's Liability:** \$100,000
- **Commercial General Liability:** \$500,000 combined single unit, with VEDP 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 Controller 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.



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### 6.4 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).

A contract administrator may 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 Procurement Office must be notified so that additional actions can be initiated as appropriate (see Section 6.5).

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### 6.5 Vendor Appeals, Disputes, and Remedies

#### **POLICY:**

All actions taken to respond to a vendor appeal or dispute, or any action initiated by VEDP to deny withdrawal of a binding bid or to terminate a vendor contract for non-performance, must be coordinated by VEDP's Procurement Office, regardless of the goods or services being procured, the expenditure level, or the procurement method utilized. This is to help ensure that VEDP does not expose itself to unwarranted liability or misperceptions regarding its procurement policies and procedures.

VEDP 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.

If a vendor appeal has been filed (verbally or in writing), it should be immediately forwarded to the Procurement Office. 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 6.4), the Procurement Office must be notified immediately.

In any case, the appeal/dispute process will be coordinated by the Procurement Office, with final decisions being made by the President and CEO or Designee.

#### **PROCEDURES:**

1. If a vendor appeal has been filed (verbally or in writing) regarding its delivery of goods or services to VEDP or its failure to receive an award of business (i.e., non-selection as a result of a VEDP procurement process), it should be immediately referred to the Procurement Office.
2. Similarly, if VEDP believes a vendor has attempted to withdraw a binding quotation or failed to perform in accordance with the procurement/contract specifications, and such failure has not been corrected after a reasonable "cure period" (see Section 6.4), the Procurement Office should be notified immediately.
3. In either case (1 or 2 above), the appeal/dispute process will be conducted by the Procurement Office, which will work with the vendor to assemble and review all facts and circumstances, and will present them to the Controller within 10 days after notification is received/issued.

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4. The Controller will review the facts and circumstances as presented, and will issue a written decision to the vendor within 10 days after receiving all facts.
  
5. If the vendor is not satisfied with the decision, they have 10 days to request a review by VEDP's President and CEO. If the President and CEO or Designee agrees to review the decision, they must do so and issue their written decision to the vendor within 10 days after receiving the request.

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### 6.6 Surplus/Unclaimed Property

**POLICY:** Property no longer needed by VEDP is to be considered surplus property. The Controller will make such determination, and the Facilities Manager will coordinate the transfer or disposal of such items.

Nothing in this policy shall be construed to mean that VEDP, at its sole discretion, may not amend its policies, or choose on a case by case basis to dispose of surplus property as it deems necessary and in the best interest of VEDP and the Commonwealth.