



## *Internal Memorandum*

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**Subject:** Written Testimony for Legislation  
Purchasing Code Changes, Revisions to the Purchasing Manual, and Revisions to the EBO Program Manual

**Date:** August 17, 2017

**To:** Lonnie R. Robbins, Chief Administrative Officer  
Department of County Administration

**From:** Dean P. Hof *DPH*  
Purchasing Administrator

Attached is a summary of changes to the purchasing code (Title 4, Subtitle 1 of the Code), the Purchasing Manual and the EBO Program Manual. These changes will reflect best practices in the procurement of goods and services and improve the office's ability to efficiently deliver proper procurement services to our user agencies. These changes will also accurately reflect a more effective manner in which to manage our Equal Business Opportunity program. Outlined below is a summary of changes to each of the documents.

### Purchasing Code Changes

1. Section 4.102 Definitions – consolidate the definition structure and add veteran to read: *Minority individual*; means an individual who belongs to one of the following groups: African American, Asian American, Hispanic American, Native American, Women, Disabled and Veteran.
2. Section 4.103, subsection (p) – remove reference to a defined threshold value to read: “formal bid threshold” so fewer changes are needed throughout the Code in the future if the formal bid threshold changes.
3. Section 4.103, subsection (v) – revise the timing of the semi-annual report of all purchases awarded to annually which shall be included in the report required under subsection 4.103(i) since this is a tedious and manually generated report, not one that is available through SAP.
4. Section 4.103, subsection (w) – eliminate the listing of all contract modifications, change orders, and price adjustments from the required report under subsection 4.103(i). The Office of the County Auditor questioned the necessity of this information in the annual report.
5. Section 4.103 subsection (aa) – remove “Shall award contracts for insurance” based on the exemption mentioned in Section 4.106 (e).

6. Section 4.104 – change revising the Purchasing Manual every five years to reviewing annually and revising as needed.
7. Section 4.106, subsection (d) - remove reference to a defined threshold value to read: “formal bid threshold” so fewer changes are needed throughout the Code in the future if the formal bid threshold changes.
8. Section 4.107, subsection (d) – move this to Section 4.106 (f) Exemption for Retirement Plans.
9. Section 4.115, subsection (b) – pluralize “State” and “Federal agency”.
10. Section 4.118, subsection (8) – insert “valued at or above the formal bid threshold” to clarify this requirement applies to formal bids only.
11. Section 4.120 - remove reference to a defined value and change to read “the formal bid threshold” since it not practical to apply this provision to small purchases.

### **Purchasing Manual Changes**

1. To address changes in terminology in SAP, throughout the document:
  - References to “requisition” were changed to “shopping cart”
  - References to “price agreement” were changed to “commodity contract”
  - References to “requirements contract” were changed to “service contract”
  - References to “authorized signatures” were changed to “authorized approvers”
  - References to “sub order release purchase orders” were changed to “release purchase orders”
  - References to “direct payment claims” were changed to “parked documents”
2. Under Policies, number 12, b. is deleted. The requirement for a bulletin board in the Office of Purchasing is outdated. No one comes to the office to look at the bulletin board any more.
3. Under Section A, Requesting Supplies or Services, number 1. b. 2., it states that approvals are done electronically in SAP. Under number 3, it states that the authorized approvers are maintained in SAP.
4. Under Section D, Formal Competitive Bidding – Invitation for Bids (IFB) Capital Projects, number 2. e. (2) Design/Build Contracting: the wording “When explicitly authorized by the Purchasing Agent, and” has been replaced with “May be used when deemed beneficial for capital construction projects.”
5. Under Section J, Professional Services – Quality Based Selection (QBS), number 1, add this at the end of the last sentence: “This may include the Construction Manager at Risk (CMAR) delivery method.”
6. Under Section N, Purchasing Documents: Removed number 4 Direct Payment Claims and placed under Section O named Parked Documents (Formerly Direct Payment Claims).

7. Section O is revised to be Section P
8. Section P, Inventory Control of Fixed Assets is deleted because that responsibility was moved to the Department of Finance effective July 1, 2014.
9. Under Section Q, Surplus Property:
  - o Number 1. b., is revised to reflect the new procedure for disposal of CPU's, laptops and PDA's
  - o Number 2. c., cross reference the County Code to Surplus Property in order to avoid any inconsistencies.

### **EBO Program Manual**

1. Section II.e.2  
The Definition of a Disabled Business Enterprise has been expanded to include reference to the following statement: 'Whose ownership interest is real and continuous, and not created solely to meet the provisions of this policy'.
2. Section II.i.2  
The Definition of a Minority Business Enterprise has been expanded to include reference to the following statement: 'Whose ownership interest is real and continuous, and not created solely to meet the provisions of this policy'.
3. Section II.j.2  
Minority Individual - The definitions of various ethnic groups has been expanded to explicitly define each group.
4. Section II.j.2  
Veterans have been added as a new designation within the definition of a Minority Individual, thereby creating a new group of firms that can be counted towards the EBO goal.
5. Section II.l.2  
The Definition of a Woman Business Enterprise has been expanded to include reference to the following statement: 'Whose ownership interest is real and continuous, and not created solely to meet the provisions of this policy'.
6. Section III.  
The Certification section has been expanded, to include information on the EBO Certification Program. This section outlines eligibility standards, criteria and the procedures for EBO Certification. Previously there was no reference to the County's EBO Certification Program.
7. Section IV.  
The new revised EBO Goals are 20% overall goal and a 15% subcontracting goal. (This is an increase from our current 15% overall goal and 10% subcontracting goal).
8. Section V.c.(b)

The reference to purchasing threshold dollar amounts has been changed removed.

9. Section V.c.(m) and Section V.c.(o) and Section VI.a.2  
Deleted reference to Advertising of County procurement needs in minority publications and newspapers with electronic notifications to the MBE/WBE/DBE community of contract opportunities.
10. Section VI.d  
Added a section on the Program Scope  
This policy applies to all eligible procurements performed by and for Howard County, except those that offer no potential for MBE/WBE/DBE participation. The EBO Officer has the authority to waive MBE/WBE/DBE subcontracting participation percentage goals, prior to notice of lettings of County solicitations, on certain procurements that are non-segmentable or that do not lend themselves to MBE/WBE/DBE participation. A few examples of these types of contracts include, but are not limited to: sole source contracts, expedited purchases, purchases from large utilities, purchases of specialized equipment, medical and legal services.
11. Section VI.f  
Added a section on the Accomplishment of MBE/WBE/DBE Participation Goals, which defines counting MBE/WBE/DBE Participation of only certified MBE/WBE/DBE firms that are appropriately certified and that perform a 'commercially useful function' on the contract. Certified MBE/WBE/DBE prime contractors can count 100% of the work they self-perform on contracts with EBO subcontracting goals.
12. Attachments  
The EBO Forms as attachments have been deleted, since these are older versions of the forms. Most of these forms have been updated multiple times over the years.