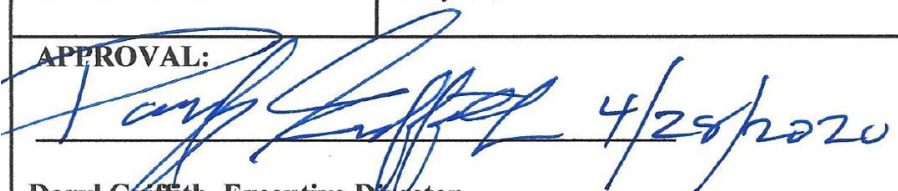




# VIRGIN ISLANDS HOUSING FINANCE AUTHORITY

## *Procurement Procedures*

<b>SUBJECT: VIHFA Procurement Procedures</b>	
<b>Version Number</b>	5.0
<b>Revised Date</b>	April 28, 2020
<b>Effective Date</b>	May 01, 2020
<b>APPROVAL:</b>	
	
Daryl Griffith, Executive Director	
VIHFA	Date

# Procurement Procedures

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## *Procurement Procedures*

This guide serves to highlight the steps that must be taken for the Virgin Islands Housing Finance Authority (“VIHFA”) procurement activities as outlined in the Procurement Policy adopted February 12 , 2020.

**PURPOSE:** To establish a standard method for advertising and procuring of goods and services. These procedures will help to assure equal treatment, maximum open and free competition to all perspective bidders.

In order to ensure that these policies are consistent, Standard Operation Procedures (SOP) for Business Related Expenditures must be applied in all instances of purchasing or obtaining goods or services. The following procedures shall apply:

### **I. PURCHASE AND REIMBURSEMENT PROCEDURES**

#### **A. Petty Cash**

##### **\$0-\$100:**

##### **1. Establish a Petty Cash Fund**

- a.** A Petty Cash Custodian (Custodian) will be assigned in each district to be responsible for administering a Petty Cash Fund.
- b.** Each Custodian will be issued a check from the VIFHA’s Finance Department in the name of the custodian for the total amount of the fund not to exceed Two Thousand Dollars (\$2,000.00) with the check memo indicating “Petty Cash Fund”.
- c.** The funds should be secured in a safe place accessible only by themselves and a Designated Alternate Custodian (Alternate Custodian) in the event the custodian is out of the office.

##### **2. Petty Cash Reconciliation and Replenishment**

- a.** The account is reconciled periodically, by the Custodian or the Alternate Custodian and replenished by submission of a check request and supporting documentation to the Chief Financial Officer (CFO).

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- b. The account is audited semi-annually by the Accounting Division or designee to validate proper use and to verify that the account total equals cash on hand plus the total accumulated check requests.

### 3. Petty Cash Employee Reimbursements Procedures

- a. A Petty cash reimbursement form must be filled out by employees.
- b. Employees must present receipt(s) and fully completed petty cash reimbursement form to either the Executive Director (ED), Chief Operating Officer (COO) or CFO based on their availability. The receipt(s) must include:
  - ✓ place of purchase
  - ✓ date of purchase
  - ✓ description of the item(s)
  - ✓ itemized amounts
- c. ED, COO, or CFO will review receipts and sign petty cash reimbursement form indicating approval or denial of reimbursement on the form.
- d. Employees will then submit the original itemized sales receipt and signed petty cash reimbursement form to the Custodian for reimbursement.
- e. The Custodian will dispense funds after verifying receipts and signed petty cash reimbursement form.

### 4. Petty Cash Meal Expense Reimbursement Policy

These expenses include the cost of meals purchased for breakfast, lunch and/or dinner, including gratuities paid, but excluding the cost of alcoholic beverages. Subsistence expenses can be reimbursed up to the maximum petty cash reimbursement allotment of \$75. Fees and tips to waiters and waitresses, dining room steward or stewardess reimbursements shall not exceed 18%. Please refer to the VIHFA Travel Policy for additional information.

## **B. Micro Purchases**

Small purchases are for any amount greater than the Petty Cash ceiling of One Hundred Dollars (\$100.00) and up to Three Thousand Dollars (\$3,000.00).

**The VIHFA shall not break down requirements aggregating more than the small purchase threshold (or the Micro Purchase threshold) into several projects that are less than the applicable threshold merely to: 1) permit use of the small purchase procedure or 2) avoid any requirements that applies to purchases that exceed the Micro Purchase threshold.**

**Micro Purchases Greater than \$100.00 and up to (equal to or less than) \$3,000.00, to include credit card purchases:**

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1. Staff must obtain 2 quotes, whether written or via e-procurement (submittal of request and bids through electronic means, i.e. websites, email) from qualified vendors. Staff sends the “Electronic Bid” form to the identified vendors for the quotes. If only one quote is obtained after two attempts to obtain quotes staff must prepare a memo justifying the decision for approval by the Executive Director or their designee. If the contract is for construction of a public building or public works and exceeds Two Thousand Dollars (\$2,000.00), a current Davis Bacon Act Wage Determination for the USVI must be pulled from <https://beta.sam.gov/> and attached to the requisition form.
2. Staff selects vendor(s) based on lowest reasonable price and fills out the “Quotation Evaluation Form”.<sup>i</sup>
3. ED, COO or CFO will review the “Quotation Evaluation Form”, and other relevant documentation for compliance with approval requirements, accuracy and completeness. ED, COO or CFO will approve or deny request.
4. If the Quotation Evaluation Form is approved, Staff fills out the Requisition & Purchase Order form.
5. ED, COO or CFO will sign the “Requisition & Purchase Order form”.
6. Once the request is approved by the ED, COO or CFO, staff may send out Purchase Order or order item/service.
7. If the ED, COO or CFO rejects the request, it is sent back to Staff with an explanation for the rejections and the requirements necessary to approve the request. Staff compiles the necessary information and resubmits the request. If the ED, COO or CFO rejects the purchase outright, staff closes the file.
8. For any purchases to be paid with using Federal grant funds, the Requisition & Purchase Order Form should be sent to the respective DD for review and approval.

### **Small Purchases Greater than \$3,000.00 and equal to or less than \$50,000.00, to include credit card purchases:**

1. Staff must obtain 3 quotes, whether written or via e-procurement (submittal of request and bids through electronic means, i.e. websites, email) from qualified vendors. Staff send the “Electronic Bid” form to the identified vendors for the quotes. If only one quote is obtained after 3 attempts to obtain multiple quotes staff must prepare a memo justifying the decision for approval by the Executive Director or their designee. If the contract is for construction of a public building or public works and exceeds Two Thousand Dollars (\$2,000.00), a current Davis Bacon Act Wage Determination for the USVI must be pulled from <https://beta.sam.gov/> and attached to the requisition form.

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2. Staff selects vendor(s) based on lowest reasonable price and fills out the “Quotation Evaluation Form” and drafts a justification memo describing the reason(s) for selecting the vendor and including the relevant information from the quotes received. If a selection is made for reasons other than lowest price, this shall be outlined in the justification memo.
3. ED, COO or CFO will review the “Quotation Evaluation Form”, justification memo and other relevant documentation for compliance with approval requirements, accuracy and completeness. ED, COO or CFO will approve or deny request.
4. ED, COO or CFO will sign the “Quotation Evaluation Form”.
5. Once the request is approved by the ED, COO or CFO, staff may send out Purchase Order or order item/service.
6. If the ED, COO or CFO rejects the request, it is sent back to Staff with an explanation for the rejections and the requirements necessary to approve the request. Staff compiles the necessary information and resubmits the request. If the ED, COO or CFO rejects the purchase outright, staff closes the file.
7. The Requisition & Purchase Order Form should be sent to the for review and approval by ED, COO or CFO.

### **C. Blanket Purchase Orders**

In the interest of economy and efficiency, the Virgin Islands Housing Finance Authority will procure frequently purchased goods and supplies (i.e. office supplies/cleaning supplies) through Blanket Purchase Orders up to maximum of Fifty Thousand Dollars (\$15,0000.00) per year with an individual order cap not to exceed Five Thousand Dollars (\$5,000.00). Through the blanket purchase order process, VIHFA will establish charge accounts with qualified vendors for repetitive small purchases. This process eliminates the administrative costs for issuing individuals purchase orders for these items. VIHFA’s policy is that vendors must have an applicable and current business license before a blanket purchase order will be issued.

Blanket Purchase Orders are effective for one fiscal year. The fiscal year begins on October 1<sup>st</sup> and ends on September 30<sup>th</sup>. If feasible, blanket purchase orders will designate specific items and prices.

The blanket purchase order user’s department is responsible for furnishing the following information for the blanket purchase orders to the Contract and Procurement Officer:

1. A prioritized listing of vendors.
2. The names of at least (2) persons authorized to sign the Requisition & Purchase Order Form blanket purchase orders. The approving parties are:

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- a. Division Director and
  - b. Executive Director (ED) or (his designee i.e. Chief Financial Officer or the Chief Operating Officer)
3. Reason for the blanket purchase order.
  4. A maximum annual figure for the blanket purchase order.
  5. A maximum release figure per each blanket purchase order. The release figure may vary for each vendor; however, the release figure should not exceed Five Thousand Dollars (\$5,000.00) without a written justification.
  6. An appropriate account code to be used for purchasing the items bought on the blanket purchase order (received from Finance Division).

When a department wishes to make a purchase using the blanket purchase order, staff should follow process for Small Purchases.

The Division Director submits the documentation to the Procurement/Contract Officer for processing in the System of Record.

## **D. Formal Procurement Procedures**

### **For Purchases which exceed \$50,000.00:**

#### Division Directors (DD) shall:

1. Obtain permission to solicit bids from ED, using the request for procurement form.
2. Scope of work or a statement which includes all aspects of the work to be performed along with the specifications of materials or services needed should be provided along with request for procurement form.
3. Procurement/Contract Officer will submit the draft RFP/IFB package to DD for concurrence.
4. If concurred, the Procurement/Contract Officer submits it to the ED for approval and publication.
5. If rejected, the Procurement/Contract Officer works with staff to revise and develop a final RFP/IFB that is submitted to the ED for approval.

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## II. TYPES OF BIDS AND PROPOSAL

All procurement actions over \$50,000.00 shall be conducted using formal contracting methods, by sealed bids, competitive proposals or non-competitive proposals where appropriate. To ensure an open and fair process, all procurements will be publicly advertised and/or posted on e-procurement sites.

### A. Invitation for Sealed Bids (IFB)

Sealed bidding shall be used for all contracts that exceed the small purchase threshold and that are not competitive proposals (non-competitive proposals).

The VIHFA shall use an IFB if the following conditions are present:

- ✓ A complete, adequate and realistic statement of work, specification or purchase description is available;
- ✓ Two or more responsible bidders are willing and able to compete effectively for the work;
- ✓ The contract can be awarded based on a firm fixed price;
- ✓ The selection of the successful bidder can be made principally on the lowest price from a responsible and responsive bidder.

**Solicitation and Receipt of Bids** - An IFB, which includes the specification(s) and all contractual terms and conditions applicable to the procurement, and a statement that award will be made to the lowest responsible and responsive bidder whose bid meets the requirements of the solicitation, will be issued.

**Bid Opening and Award** - Bids shall be opened publicly.

### B. Competitive Proposal - Request for Proposal (RFP)

Unlike an IFB, the RFP award is normally made on the basis of the proposal that represents the best overall value to the VIHFA, considering price and other factors, to include technical expertise, past experience, quality of proposed staffing, and other evaluation criteria set forth in the solicitation and not solely the lowest price. Competitive proposals shall be solicited through the issuance of an RFP.

This method permits consideration of technical factors other than price; discussion with Contractors concerning offers submitted; negotiation of contract price or estimated cost with a fixed cap and other contract terms and conditions and revision of proposals before the final contractor selection. The RFP includes the evaluation criteria, along with their relative importance, that will be used in the selection process.

### C. Competitive Proposal - Architectural & Engineering (A/E) Services



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The VIHFA must contract for A/E services using Qualification-Based Selection (QBS) procedures, utilizing a Request for Qualification (RFQ). **Sealed bidding shall not be used for A/E solicitations.** Under QBS procedures, competitor's qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. Price is not used as a selection factor under this method.

## **D. Non-Competitive Proposals**

Non-Competitive proposals should rarely be used. Please see Procurement Policy for conditions of use for non-competitive proposals.

## **E. Pre-Qualified Pool**

Please see Procurement Policy for use of a pre-qualified pool.

## **F. Mini-Bid**

The mini-bid evaluation is based on periodic or continuous recruitment to establish a pre-qualified pool of contractors based on qualifications outlined during a request for qualifications solicitation. The periodic and continuous recruitment process, on an on-going basis, results in adding new qualified contractors to a master contractor listing. To facilitate a mini-bid process:

- Provide a general description of the project to include project requirements and deliverables (scope of work, timeframe, evaluation criteria, method of evaluation);
- Email the mini-bid project description to all contractors on the master contractor listing to ensure the process is fair and open;
- Mini-bids should be open for a period of at least one (1) week;
- Evaluation should be based on “best value” which criteria should include (a) lowest pricing; (b) performance capacity to complete the job within the allotted timeframe; and (c) a contractor rating and grading system, if one has been developed.
- The contractor rating and grading system will be comprised of the following factors, which have a maximum score of 5 points (with 5 being the highest available score): a) timeliness; b) quality of work; c) adherence to warranty; d) customer service; and e) adherence to scope of work.

## **III. BID SOLICITATION**

Once an RFP/IFB has been approved by the ED, bids can be solicited to procure goods or services. The following procedures shall apply:

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## A. Prepare Bid Package

The Procurement/Contract Officer will prepare the bid package which includes:

1. Cover sheet (closing and opening date).
2. Statement of work specifications or materials to be purchased.
  - a. For construction bids funded with CDBG-DR it is important that the Environmental Review be completed prior to the procurement as the design of the project may be dependent on factors identified in the environmental assessment.
3. Minimum requirements.
4. Evaluation criteria.
5. Work quality standards.
6. Proposal format.
7. Sample contract including any requirements that the offers must meet whether territorial or federal.
8. Date of Pre-bid Conference.
9. Right of the agency to accept or reject all bids.
10. Period of contract.

## B. Cost Analysis

A cost analysis shall be conducted for all new procurements and all contract modifications when using CDBG-DR or CDBG-MIT federal funds. This cost analysis must be done prior to the opening of any bids/RFPs. A cost comparison analysis shall be done between the cost analysis and the cost of the anticipated winning bid during the evaluation of the proposals.

The Contracting Officer or his designee will identify staff or others (Expert) with the expertise necessary to conduct a specific analysis.

1. For construction procurements, the Authority will:
  - a. Review the designs and specifications of the scope of work.
  - b. Prepare an analysis using historical data, industry standards, or other methods.
  - c. Document the analysis in the procurement file,

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- d. Submit the final analysis to the Contracting Officer.

## C. Advertise

### Procurement/Contract Officer shall:

1. Establish the solicitation timeframe which includes:
  - a. Date and time period for advertisement.
  - b. Date, time period and location for the pre-bid conference.
  - c. Date for submission of questions.
  - d. Date for responses to questions.
  - e. Closing date for receipt of bids/proposals.
  - f. Opening date of bids/proposals.
2. Procurement Officer prepares the advertisement for newspaper(s) and on-line e-procurement services if applicable and acquire the cost of advertisement from the newspaper.
3. Procurement Officer obtains proof/copy of the advertisement and forward to Project Contracting Officer.
4. Send edited/approved copy back to newspaper and file a copy in the procurement file.
5. Receive invoice from newspaper.
6. Create a check request for the invoice and attach to initiate for payment processing.
7. Secure actual advertisement once the ad has posted in the newspaper(s) or on-line services.
8. Retain RFP/IFB and newspaper advertisement in project folder or similar filing system.
9. Procurement Officer will coordinate with front desk personnel to record the name and contact information of the individuals or firms requesting bid packages, the date the request was received, and the date the bid package was picked up and maintain this information in the procurement file.
10. Designated staff will make reasonable efforts to engage Minority and Women-Owned Businesses (MWBE)

## D. Pre-bid Conference or Question & Answer (Q&A) (As applicable)

### Procurement/Contract Officer shall:

1. Facilitate a pre-bid conference.

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- a. Set up the physical location with tables, chairs and AV equipment to be used.
  - b. Establish a conference call in number and have conferencing equipment available at the site.
2. Provide sign-in sheet for bidder's conference and ensure all individuals sign.
3. Verify contact information for bidders at sign in.
4. Explain technical and bid information at the bidder's conference.
5. Establish a deadline for request for information or clarification.
6. Log request for information or clarification at the Pre-Bid Conference.
7. Record minutes of Pre-Bid Conference.
8. Receive written request for information or clarification after the Pre-Bid Conference.
9. Provide an addendum to all registered bidders which lists any request or questions posed by a bidder and the answer/response given.
10. Conduct site visit/inspection as required.
11. Retain the sign-in sheet and questions raised during the meeting for inclusion in the procurement file.

### **E. Receipt of Bids /Proposals**

The following procedures should be conducted by staff upon receipt of bids and/or proposals:

#### Receptionist/Administrative Assistant shall:

1. Prepare a bid sign-in sheet.
2. Receive bid from contractor or from mail delivery.
3. Verify that bid is sealed.
4. Stamp sealed bids with date and time received.
5. Log all sealed bids/proposals into the bid/proposal sign in sheet.
6. Secure all bid packages until closing time of bid.
7. Upon closing time of bid, transmit all bid packages to the appropriate Division Director, or the designee.

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Procurement/Contract Officer will ensure that:

1. Bids/proposals will be maintained in a secured location until time of opening.
2. All bids received/submitted after closing date, are returned unopened to bidder with a letter of explanation as to the reason it was returned.

## **IV. EVALUATION AND SELECTION PROCEDURES FOR AWARDING BIDS/PROPOSALS AND CONTRACTS**

### **A. Criteria and Requirements**

The Authority shall:

1. Establish minimum requirements
  - a. The VIHFA shall make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of proper procurement.
  - b. Minimum requirements cannot be unreasonable or excessive.
  - c. All procurement actions over \$50,000.00 shall be conducted using formal contracting methods, by sealed bids, competitive proposals or non-competitive proposals where appropriate. Sealed bidding shall be used for all contracts that exceed the small purchase threshold and that are not competitive proposals (non-competitive proposals) as these terms are defined in this Policy. Sealed bidding is the preferred method for procuring construction, supply, and non-complex service contracts that are expected to exceed \$50,000.00.
2. Establish evaluation criteria, if applicable.

### **B. Establish an Evaluation Panel**

Procurement/Contract Officer shall:

1. Create an Evaluation Panel and develop scoring sheets based on the evaluation criteria identified in the RFP/RFQ.
2. Schedule meeting for evaluation panel.
3. Conduct bid opening (public or private).
4. Evaluate bids/proposals for compliance with all requirements, and CDBG-DR program including checking all contractors against System for Award Management (SAM) at <https://www.sam.gov/SAM/> for suspension or debarment. Print off the page for the check of each contractor and file them in the procurement file.

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5. Evaluate the responsive bids/proposals based on the criteria established in the bid package.
6. Ensure that for public bid openings (IFB's) the bid amounts are announced and recorded during the opening.
7. Prepare summary of points/costs for all of the responsive bidders.
8. Submit the name of the winning bid, the bid amount and justification for selection of the individual/firm to ED for approval.
9. File the summary of points and the individual scoring sheets in the procurement file.
10. Obtain Board Approval if necessary per VIHFA By-laws.

### **C. Selection of Winning Bid**

#### Procurement/Contract Officer shall:

1. Send notice signed by ED to the contractor of the winning bid and secure the following information:
  - a. Certification of insurance, if applicable.
  - b. Secure a copy of all required licenses.
  - c. Certification regarding suspension and debarment from suppliers and subcontractors.
  - d. IRS W-9 Form
2. Review and approve suppliers list, if applicable.
3. Verify that the insurance meets requirements, if applicable.
4. Submit bid documents, evaluation and contract requirements along with approval to Legal Counsel for contract draft request.
5. In conjunction with legal counsel secure fully executed contract.
6. Contract forwarded to ED for execution with applicable supporting documentation.
7. Provide written notification to unsuccessful bidders.
8. If only one response is received, VIHFA may re-solicit for the goods and/or services if the estimated cost exceeds the competitive threshold of \$3,000,000.00.
  - a. An evaluation memo shall be completed by the evaluation committee and notification letters shall be sent to the prospective bidder.

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9. If responses received do not meet the minimum requirements per the solicitation, the evaluation committee shall determine next steps including whether to cancel and/or re-solicit. This shall be documented in the evaluation memo.

## V. BID PROTEST AND REMEDIES

A bidder may appeal in writing, within five (5) business days of the notification of the contract awards. The Project Contracting Officer:

- A. Reviews the information received.
- B. Determines at their sole discretion:
  1. The bid protest has no merit and the contractor is notified in writing of this decision.
  2. The bid protest has merit and the procurement is suspended. If suspended the Project Contracting Officer notifies all bidders of the suspension.

If a procurement is suspended the Procurement/Contract Officer works with the ED and legal staff to determine next steps.

## VI. BONDING REQUIREMENTS

The standards under this section apply to construction contracts that exceed \$100,000.00. (Section 8 of the Procurement Policy.)

## VII. BOARD APPROVAL OF PROCUREMENT ACTIONS

Approval from the Board of Directors is required to negotiate and execute contracts in excess of Fifty Thousand (\$50,000.00) Dollars and contract modifications that are 25% of the total contract (Section 15 of the Procurement Policy).

### ADDITIONAL INFORMATION:

- The Procurement Policy (Section 2) provides standards of conduct for employees/officers or agents to avoid conflict of interest.
- Responsive bidder is a bidder who meets all requirements identified in the bid package.
- The contract is not awarded at the time of the public bid opening.
- Pre-qualified bidders list is the names and addresses of firms/individuals who have submitted all information necessary to certify that they meet requirements to be a responsible bidder. All firms/individuals on the list will be sent notification of a bid packages automatically.

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<sup>i</sup> For CDBG-DR, the following additional steps are performed for micro purchases \$100.00 - \$3,000.00 and small purchases for \$3,000.00 - \$50,000.00:

1. Staff then provides a copy of the completed written or electronic bids from the vendors, “Quotation Evaluation Form”, and any other relevant documentation to the Procurement staff for review. If the primary procurement staff is not available to review document their review, then another procurement staff may review and document their review by initialing the package.
2. The documentation is then sent to the Division’s Director (DD) for review. The is reviewed and signed by the DD. The “Quotation Evaluation Form” is initialed by the DD.
3. The DD will review request and if the Director concurs with request, the Director will forward the “Quotation Evaluation Form”, and other relevant documentation to their immediate supervisor (ED, COO or CFO).

If the DD rejects the request, it is sent back to Staff with an explanation for the rejections and the requirements necessary to approve the request. Staff compiles the necessary information and resubmits the request. If the Director rejects the purchase outright, staff closes the file.

4. ED, COO or CFO will review the “Quotation Evaluation Form”, and other relevant documentation for compliance with approval requirements, accuracy and completeness. ED, COO or CFO will approve or deny request.
5. ED, COO or CFO will sign the “Quotation Evaluation Form”.
6. Once the “Quotation Evaluation Form” request is approved by the ED, COO or CFO, staff may send out Purchase Order or order item/service.
7. If the ED, COO or CFO rejects the request, it is sent back to Staff with an explanation for the rejections and the requirements necessary to approve the request. Staff compiles the necessary information and resubmits the request. If the ED, COO or CFO rejects the purchase outright, staff closes the file.