

State Procurement Manual

DOA-3449 N(R06/94) Formerly AD-P-12

		Number PRO-A-3
		Effective 10-14-14
Section INTRODUCTION	Agencies Affected ALL	Replaces 5-1-09
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VIII. “Sub-delegation” means the act of a special designated agent assigning procurement authority within the construct of this policy, to a position(s) within his or her procurement oversight.

CONTENT:

I.

Authority

- A. Under the statutes, the Bureau establishes rules and procedures that govern the procurement process.
- B. Under these rules and procedures, the Bureau purchases, and may delegate to special designated agents, the authority to purchase, all necessary materials, supplies, equipment, permanent property and miscellaneous capital, contractual services and other expenses of a consumable nature for all state offices.
- C. Delegation to special designated agents is done in writing and such delegation specifies dollar, transaction and commodity parameters within which the agent is authorized to act.
- D. Actions performed under delegation must conform to the rules and procedures that govern the procurement process at any dollar level.
- E. Actions performed under delegation are documented so as to leave a full audit trail.
- F. Delegation may be increased, reduced, or withdrawn when deemed appropriate by the Bureau.
- G. A transition period will be developed to give all current delegated agencies an opportunity to meet the criteria.
- H. A special designated agent with full delegation authority may sub-delegate the authority to conduct procurements in accordance with Bureau procedures and policies to appropriate positions within his or her procurement oversight. Such sub-delegation may be full or partial. In order to sub-delegate, the special designated agent must establish a process for sub-delegation that mirrors or exceeds the state’s delegation requirements and process. If sub-delegation is partial then a modified delegation review would occur. The sub-delegated position may further sub-delegate procurement authority if the following are observed:
 - 1. Sub-delegation is done in writing.
 - 2. Written sub-delegation contains specifically defined procurement limitations and responsibilities.
 - 3. All written sub-delegation agreements must be kept on file.

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4. Sub-delegation is subject to Bureau audit.

The special designated agent remains responsible for all agency wide activities regardless of any sub-delegation agreement.

II. Criteria for delegation

A combination of the following criteria will be the basis of the Bureau's determination of delegation authority to an agency:

- A. The organizational structure of the agency supports the receipt of delegated authority and all related responsibilities thereof.
- B. The agency's internal policies and procedures adhere to state procurement standards and support the level of delegation assigned.
- C. The special designated agent has the knowledge, experience and performance requirements needed to support the level of delegation assigned.
- D. The agency's purchasing/procurement staff has the knowledge, experience and performance requirements needed to support the level of delegation assigned.
- E. The agency's training program supports the level of delegation assigned.
- F. The agency's internal procurement management review, audit and compliance monitoring activities support the level of delegation assigned.
- G. The agency's procurement history, complexity of procurements, and history of protests and appeals support the level of delegation assigned.
- H. The agency's baseline procurement data gathered from WiSMART, state purchasing card transactions, and agency contract data support the level of delegation assigned.

III. Process for obtaining delegation

- A. The agency head submits a cover letter and application materials to the Bureau requesting delegation. The application will address the functional requirements identified in section II., Criteria for Delegation, and Appendix A, Delegation Approval Criteria.
- B. The Bureau will acknowledge receipt of the application in writing and provide the agency with an estimated review response date.
- C. After review of the application materials and baseline procurement data, the Bureau will issue a letter which:
 - 1. Approves the application and issues full delegation, or

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2. Approves the application and issues partial delegation that authorizes the agency to solicit commodities or services with certain conditions as delineated in the delegation letter, or
 3. Rejects the application. The Bureau will issue a written statement that explains why the application was rejected and explains what the agency needs to improve or change to be considered for delegation.
- D. The agency may appeal the rejection of their application. The agency will submit its appeal in writing to the Bureau stating specific reasons why the application should be reconsidered.
- E. The Bureau will respond to the appeal within twenty (20) working days.
- IV. Process for terminating/reducing delegation
- A. The following situations could cause the Bureau to review an agency's delegation for possible reduction or termination of delegation:
1. A management review with significant findings that call into question the agency's internal controls for purchasing.
 2. Significant purchasing/procurement staff turnover.
 3. A pattern of bad procurements or procurement practices indicating a problem.
 4. Failure to comply with delegation agreement terms.
- B. The Bureau may take a series of actions, including:
1. Placing an agency on probation for a defined period of time.
 2. Reducing the delegation.
 3. Terminating delegation.
- C. Restoration of delegation will require the agency to resubmit an application for delegation. The application must demonstrate that remedies have been implemented to address the identified deficiencies.
- V. Changes impacting delegation
- A. The agency must notify the Bureau within twenty (20) working days, when any of the following occurs:
1. The individual with delegated authority leaves the position. Agencies will be provided a window of time to recruit staff to meet the required

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knowledge and experience criteria if a special designated agent leaves the position.

2. The agency experiences significant organizational or staff changes impacting the procurement function.
3. The agency makes significant revisions to the position descriptions or responsibilities of the delegee and/or purchasing/procurement staff.

B. The Bureau will review the situation and if necessary:

1. Direct the agency to resubmit the application for delegation as outlined in III. above, or
2. Temporarily modify agency delegation and direct the agency to resubmit the application when staffing changes are completed.

VI. Scoring of applications

- A. A point system will be used to measure the agency's application materials against the evaluation criteria contained in Appendix A, Delegation Approval Criteria.
- B. An agency must score at least 60 out of 100 possible points to be considered for delegation.

VII. Appendix

- A. Delegation Approval Criteria ([Appendix A](#))
- B. Pre-Delegation Baseline Purchasing Data Review of Delegated Agencies ([Appendix B](#))

VIII. Reference material

[Purchasing Personnel Inventory](#)

Authorized:



Rick S. Hughes, Director
State Bureau of Procurement

**APPENDIX A
DELEGATION APPROVAL CRITERIA**

The matrix that follows identifies each component needing to be addressed in the application for delegation. The agency’s application for delegation will be judged against the guidelines provided below.

Application Component	Guidelines for State Bureau of Procurement Assessment	Point Value
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I. PROCUREMENT ORGANIZATION

<p>Provide an organizational chart depicting the reporting relationship between your procurement function and the agency. Describe your agency’s purchasing delegation lines and intra-agency purchasing delegation process and policies. Describe the relationship between the purchasing and finance units and explain the measures in place to ensure that a check and balance process is applied to each purchase.</p>	<ul style="list-style-type: none"> • The organizational chart shows a clear separation of duties between purchasing and finance responsibilities to assure that there is a check and balance process in place. • The purchasing staff report directly to the person with delegation. If not, a clear explanation of the lines of authority is provided. • The purchasing function is high enough in the organizational hierarchy to have sufficient authority to carryout the purchasing processes. • The narrative must describe (and organizational chart show) the reporting relationship of internal delegees to the special designated agent. • The application demonstrates the agency’s process used to verify procurement competence of internal delegees. • The application provides a copy of the written internal delegation assignment that clearly states the specific delegation authority and performance expectations of delegees. • The application assures that agency training or Department of Administration (DOA) training will be completed by internal delegees appropriate to the authority granted. 	<p align="center">20</p>
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II. POLICIES AND PROCEDURES

<p>Agency’s purchasing policies and procedures must meet the minimum standards established in the <i>State Procurement Manual</i>. Agencies may exceed these standard policies to meet business needs. Please provide the policies that guide your purchasing staff, describe how staff is made aware of these policies and how policies are monitored to ensure compliance.</p>	<ul style="list-style-type: none"> • The agency’s policies and procedures mirror, complement and clarify the <i>State Procurement Manual</i>. • Explanations are provided for specific policies and procedures that expand on DOA requirements. • No <i>State Procurement Manual</i> policies are omitted from the agency’s policies. • The agency explains how policies and procedures are communicated and disseminated throughout the agency. • The agency describes how and with whom training is conducted on new or revised policies and procedures. • The agency provides clear record retention polices and procedures. 	<p align="center">15</p>
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Application Component	Guidelines for State Bureau of Procurement Assessment	Point Value
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III. SPECIAL DESIGNATED AGENT EXPERIENCE

<p>The agency must provide an explanation of the training and experience possessed by the individual to whom purchasing authority will be delegated.</p>	<ul style="list-style-type: none"> • The application clearly shows that the designated individual possesses sufficient training and experience in management core competencies. • The application documents that the designated individual completed all of the mandatory purchasing classes provided by DOA and/or the agency appropriate to the level of purchasing authority. If all classes are not completed, the agency provides a timeline for completion. • The application demonstrates that the designated individual possesses basic knowledge of state process (examples: budgets, statutes, administrative codes). • As part of this response, complete a “Purchasing Personnel Inventory” (attached) for the special designated agent seeking purchasing authority. 	<p>10</p>
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IV. STAFF EXPERIENCE

<p>The agency must provide an explanation of the training and experience possessed by staff who directly or indirectly report to the person to whom purchasing authority will be delegated.</p>	<ul style="list-style-type: none"> • As part of this response, complete a “Purchasing Personnel Inventory” (attached) for each staff directly performing purchasing functions for the agency. • The application documents that the designated individual completed all of the mandatory purchasing classes provided by DOA or the agency appropriate to the level of purchasing authority. If all classes are not completed, the agency provides a timeline for completion. 	<p>20</p>
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V. TRAINING

<p>Describe and provide documentation of the agency’s purchasing training program or describe the plans for developing and implementing such a program.</p>	<ul style="list-style-type: none"> • The policies that support the training program establish the requirement for all purchasing staff to attend DOA purchasing classes. • The application describes any program in place to provide additional training for agency purchasing staff on request for bid (RFB) and request for proposal (RFP) processes and requirements. • The application describes a plan to train program staff before working on an RFB or RFP. • The application identifies and describes a simplified purchasing training for mid-management and program staff. • The application demonstrates a specific process for mentoring and assisting those staff conducting RFBs and RFPs. • There is an explanation of how delegees and the special designated agent are made aware of new process and procedures. • The application demonstrates the agency’s commitment to continuing education for purchasing staff. • The application describes how purchasing card training is acquired. • The application describes how minority business enterprise (MBE) training is acquired. • <u>The application describes how disabled veteran-owned business (DVB) training is acquired.</u> • The application describes how contract compliance (affirmation action) training is acquired. • The application describes how training is provided for the use of mandatory contracts. • The application describes how training for 2005 Act 89 and 2005 Act 141 is acquired. • The application describes how training for Badger State Industries (BSI) and work center requirements is acquired. • The application describes how new legislation is communicated to purchasing and program staff. • The application describes how training is acquired for best judgment and simplified bidding. 	<p>20</p>
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Application Component	Guidelines for State Bureau of Procurement Assessment	Point Value
VI. AUDIT		
The application must document the agency’s internal purchasing management review and compliance monitoring program and schedule or describe the plans for developing and implementing such a program.	<ul style="list-style-type: none"> • The agency provides a schedule for periodic review of purchasing functions for delegated internal entities. • The application describes how the agency will review its compliance with mandatory contracts, MBE, <u>DVB</u>, BSI, Act 89, Act 141 and work center requirements. (See training above.) • The application shows an example and describes how the agency will reconcile contract and performance requirements with the solicitation. • The application describes a procedure to ensure that all contracts are valid and still have purchasing authority. • The application demonstrates a review process of all record keeping and storage requirements of each solicitation process (document all records retention requirements are being met). • The application describes action taken as a result of the agency’s non-compliance to the Bureau’s or the agency’s policies and procedures. 	15
VII. AUTOMATED PURCHASING SYSTEM		
Please describe any automated purchasing system(s) currently in place.	<ul style="list-style-type: none"> • The application describes automated systems (if any). • The application describes how the agency will respond to requests for information (from DOA or other entities). 	No points, general information
VIII. PURCHASING HISTORY		
The Bureau will consider the agency’s purchasing history (Requests for Purchasing Approval/Authority (RPA), stipulations, management reviews, complexity) when delegating purchasing authority.	<ul style="list-style-type: none"> • The application must describe stakeholders affected, amount of annual purchasing and unique, controversial or otherwise challenging solicitations accomplished. • A list of protests dating back one (1) year prior to application for delegation must be provided that documents the solicitation affected and the outcome of each protest. • The application identifies any internal (or external) reviews completed and the result (and remedy) of each review(s). • Pre-Delegation Baseline Purchasing Data Review of Delegated Agencies (Appendix B). 	No points, general information
IX. ANNUAL SPEND SUMMARY		
Please provide a summary of total dollars spent in the previous fiscal year—broken out by purchasing level (e.g., \$5,000 or less, over \$5,000 through <u>\$50,000</u> , over <u>\$50,000</u>)	<ul style="list-style-type: none"> • Self-explanatory 	No points, general information

**APPENDIX B
 PRE-DELEGATION BASELINE PURCHASING DATA REVIEW OF DELEGATED AGENCIES**

Item reviewed	Why this is being reviewed	Resources reviewed	How review will be used
MANDATORY CONTRACTS	Identify state spend on State Bureau of Procurement procured contracts	<ul style="list-style-type: none"> • VendorNet • Survey contract managers to identify contractors under contract by providing the following data for each contract: <ul style="list-style-type: none"> ○ Contract number ○ Contract name ○ Contractor(s) ○ FEIN(s) ○ Contract term ○ Applicable NIGP code(s) • State purchasing card data • WiSMART • Contractor submitted reports 	This analysis will assist the Bureau in determining the estimated state spend on mandatory contracts as well as identifying all contractors under mandatory contracts.
TOTAL AGENCY SPEND	Review agency total spend for most recent fiscal year by contractor	<ul style="list-style-type: none"> • Survey WiSMART to identify all agency spend during most recent fiscal year by analyzing the following data: <ul style="list-style-type: none"> ○ Contractor ○ FEIN ○ Total contractor spend ○ Account code 	This analysis will assist the Bureau in reviewing each agency’s total spend and the contractors from whom commodities and services are procured.
AGENCY CONTRACTS	Identify agency spend on agency procured contracts	<ul style="list-style-type: none"> • Survey agencies to identify all contracts over <u>\$50,000</u> that the agency has procured and that are currently “open and current” by providing the following data for each contract: <ul style="list-style-type: none"> ○ Contract number ○ Contract name ○ Contractor(s) ○ FEIN(s) ○ Contract term ○ Applicable NIGP code(s) ○ Contractor supplied spend reports by contract (if applicable) • State purchasing card data • WiSMART 	This analysis will assist the Bureau in determining the estimated agency spend on agency procured contracts as well as identifying contractors under contract with an agency and the commodities or services being procured.