



1. **Document Requested:** July 9, 2010, "OCC Procurement Concerns" memorandum from Mr. Joseph Reilly to Vice President Sara Winchester, Dr. Richard Parrish, Ms. Karen Papakonstantinou, Mr. Ken Olsen, and Lauren Dooley, Esq.
2. **OCC Response:** September 23, 2010, "Investigation of Procurement Issues" memorandum from Vice President Sara Winchester to President Jon Larson
3. **Document Requested:** August 20, 2010, "Maintenance and Materials Contracts," email from Mr. Joseph Reilly to Dr. Richard Parrish and Mr. Ken Olsen
4. **OCC Response:**
  - a. September 22, 2010, "Standard Operating Procedure for Construction Change Orders" memo from President Jon Larson to Dr. Richard Parrish, Vice President Sara Winchester, and Mr. Ken Olsen
  - b. February 3, 2012, "Request for Proposal/Request for Qualification Procedures" issued by Vice President Sara Winchester and approved by President Jon Larson
  - c. "Ocean County College Purchasing Manual"

### **Explanation**

The first memorandum is from Mr. Joseph Reilly dated July 9, 2010, in which he points out procurement issues he believes to be problematic. After a thorough review of the issues by both internal staff and outside counsel, the second memo dated September 10, 2010, was issued by Vice President Sara Winchester. It was determined that the contracts issued by OCC were legal and binding. The review also showed no evidence whatsoever that any employee profited from these procurements and that no policies or laws were violated.

It was, however, also determined that some internal processes could and should be improved. As a result, several procedural documents have been issued and updated since that time. These documents are:

“Standard Operating Procedure for Construction Change Orders”  
“Request for Proposal/Request for Qualification Procedures”  
“Ocean County College Purchasing Manual”

These documents are available on the Purchasing page of the College website under Policies and Procedures.

To: Sara Winchester, Dr. Richard Parrish, Karen Papakonstantinou, Ken Olsen, and Lauren Dooley, Esq.

From: Joseph Reilly, Esq., OCC Manager of Purchasing

Date: July 9, 2010

Subject: OCC PROCUREMENT CONCERNS

**INTRODUCTION:**

Notwithstanding that I have been at OCC for a short time, I have several concerns relating to the manner in which OCC procurement is being conducted. I want to thank all of you for agreeing to meet on July 12, 2010, to discuss these concerns. In order to make the meeting as productive as possible, I have taking the liberty of outlining my concerns.

I have no doubt that others also have concerns relating to the manner in which procurement is being conducted. I am looking forward to a frank and open discussion with respect to how the procurement process can be improved at OCC.

In ruling on various public procurement issues, State courts have enunciated general principles applicable to all State procurement laws. The underlying principle in all State court rulings relating to public procurement is that it is the public's money that is being spent. Those responsible for public procurement must always be mindful that it is the public's money that is being spent. The New Jersey Supreme Court has expressed the policy reasons for public procurement laws as follows:

"Bidding statutes are for the benefit of the taxpayers and are construed as nearly as possible with sole reference to the public good. Their objects are to guard against favoritism, improvidence, extravagance and corruption; their aim is to secure for the public the benefits of unfettered competition. To achieve these purposes all bidding practices which are capable of being used to further corrupt ends or which are likely to affect adversely the bidding process are prohibited, and all awards made or contracts entered into where any such practice may have played a part, will be set aside. This is so even though it is evident that in fact there was no corruption or any actual adverse effect upon the bidding process." [Terminal Const. Corp. v. Atlantic Cty Sewerage Auth., 67 N.J. 403, 409-10 (1975).]

The New Jersey Supreme Court has also advised:

"In this field [the field of public procurement] it is better to leave the door tightly closed than to permit it to be ajar, thus necessitating forevermore in such cases speculation as to whether it was purposely left that way." [Hillside Twp.v. Sternin, 25 N.J. 317, 326 (1957).]

**PROCUREMENT CONCERNS:**

**(1) All Elements of Price not considered.**

Every State procurement statute, including the County College Contracts Law, requires that price be the primary consideration in the awarding of public contracts. Notwithstanding this statutory requirement, "on call" contracts have been approved by OCC's Board of Trustees ("OCC Board") without all elements of price being known.

These "on call" contracts are presently being re-procured, again in a manner that does not consider all elements of price. It is my opinion that the existing "on call" contracts that were approved by OCC's Board without all elements of price being known must be cancelled and that the RFPs for the re-procurement of these contracts must also be cancelled.

**Awarded contracts and amounts:**

Architect Consultant of Record: Two POs Issued totaling \$395,000

Engineer of Record: Two POs Issued totaling \$94,500

Civil Engineer of Record: One PO issued totaling \$75,000

Construction Management Consultant: One PO Issued (Cambridge \$150,000) Eight POs Issued (Economic Project Solutions \$321,435)

Construction Consultant: Two POs Issued totaling \$81,380

Environmental Engineer of Record: Two POs Issued totaling \$138,870

Commissioning of HVAC Systems: One PO \$75,000

Commissioning of Information Technology Systems: One PO \$100,000

Whether a contract is awarded on the basis of "price" or on the basis of "price and other factors," all elements of price must be considered. The RFPs utilized for the noted "on call" contracts only solicited the bidder's hourly rate. The hourly rate is but one component of total price.

What this means is that OCC's Board has awarded "on call" contracts where all price factors were not considered. Just because a bidder bid the lowest hourly rate for any of the "on call" contracts noted above does not automatically equate to that bidder being the lowest bidder on any awarded future project. The assumption in each of the "on call" contracts noted above is

that all bidders will take the same time to complete future unknown projects. Such an assumption is without basis. Such an assumption cannot be utilized in the awarding of public contracts where firm fixed price is the rule, regardless of whether the contract is awarded on the basis of "price" or on the basis of "price and other factors."

It is certainly to the financial advantage of the above noted "on call" contractors to bill the maximum hours possible. There is no incentive for any above noted "on call" contractor to sharpen his pencil with respect to number of hours because there is no competition being solicited with respect to this element of price.

There has been no comprehensive price competition relating to any of the projects awarded to the "on call" contractors noted above. The statute requires price competition. Although the monies that were overspent by OCC with respect to these "on call" contracts cannot be ascertained with accuracy, it is clear that the available market is not being leveraged in accord with procurement law to the advantage of OCC and taxpayers. These "on call" contracts must be cancelled and the services in question procured at the time that the projects are known in order to ensure that all pricing elements are considered by the OCC Board in the contract award decision, as required by procurement law.

## **(2) Arbitrary Contract Awards**

In addition to the "on call" contracts noted in (1) being awarded by the OCC Board without all price elements being known, I am concerned that "on call" contractors in general are being arbitrarily recommended to the OCC Board for contract award. "On call" contracts involve professional services relating to construction and, as such, qualify as exceptions to public bidding. They are being awarded on the basis of "price and other factors." However, the rationale being provided for bypassing lower price bidders in favor of higher price bidders does not pass legal muster.

As stated by the New Jersey Supreme Court regarding "price and other factors:"

"[T]he Legislature established much flexible standards ["price and other factors"] as a guide for the Director's decision to award a public contract to a particular bidder whether or not he is the low bidder. This is not to say the low bid may be ignored or treated as a minor consideration. [Price] is a factor of great importance and not to be lightly discarded." [Commercial Clean. Corp. v. Sullivan, 47 N.J. 539, 548-49 (1966) Emphasis added]

Evaluation of bid proposals on the basis of "price and other factors" for purchases qualifying as exceptions to public bidding allows OCC to assess the relative strengths and weaknesses of bid proposals received from responsible and responsive bidders. Evaluation on the basis of "price and other factors" permits the OCC Board to "bypass" a lower priced responsible and

responsive bidder and award the contract to a higher priced responsible and responsive bidder when determined by the OCC Board to be in OCC's best interest.

If the contract award recommendation is to bypass a lower priced responsible and responsive bidder, each factor justifying the bypass must be explained in detail. An explanation must be provided as to why each factor cited in support of the bypass is important to the contract and, with respect to each factor cited, how the credentials of the recommended higher priced bidder are superior to the credentials of the each lower price bypassed bidder. An explanation must be provided as to why the factors cited in support of the bypass justify the additional cost that awarding the contract to the higher price bidder will entail. The OCC Board must be advised of each proposed bypass and why each proposed bypass is in OCC's best interest.

Since my arrival at OCC, I have had the opportunity to review three proposed contract award recommendations relating to purchases that qualify as exceptions to public bidding and were evaluated on the basis of "price and other factors." All three proposed contract award recommendations involve multiple bypasses of lower price responsible and responsive bidders. In each instance, the rationale provided to justify the bypasses fails to pass legal muster.

\*A cursory review of the on call contracts noted in (1) above reveals that such arbitrary bypass recommendations are not limited to the three proposed on call contract award recommendations reviewed below.

**(a) Construction Consultant RFP.** This RFP solicited pricing for all price elements, specifically an all inclusive hourly rate for a maximum 12 hours of work a week. This RFP does not run afoul of the concerns expressed in (1) above in that all pricing elements are considered. Thirteen firms submitted bid proposals. Hourly rates proposed ranged from a low of \$65 an hour to a high of \$190 an hour. A May 18, 2010, contract award recommendation recommends that the OCC Board award the contract to the fifth low bidder, Pravin Patel Associates, Inc. (Pravin Patel/\$105 an hour/\$65,000 annual sum). The lowest bidder was Sibilla Construction Services, LLC (Robert Sibilla/\$65 an hour/\$40,560 annual sum). Pravin Patel is the Incumbent.

The reasons given in the contract award recommendation for bypassing four lower price bid proposals to effectuate a contract award to Pravin Patel were: Pravin Patel's "proximity" to the College; Pravin Patel having provided "excellent CM services" to OCC; and Pravin Patel having "an excellent relationship with the Township of Toms River and he acts as liaison when permits or inspections are required."

There was no analysis provided as to why any factor cited in support of the four proposed bypasses was important to the contract and, with respect to each factor cited, how the credentials of Pravin Patel were superior to the credentials of each of the four lower price

bypassed bidders. There was no explanation provided as to why the factors cited in support of the bypasses justified the \$24,440 additional cost to OCC.

The recommendation that OCC pay \$24,440 more to contract with Pravin Patel has no public procurement basis. Proximity to OCC makes no sense. The contractor is being provided with an office at OCC. In addition, Sibilia, the lowest price bidder, is located 8.6 miles from OCC. Excellent performance on an unrelated contract is in and of itself not significant. Finally, absent documentation from the Township of Toms River, affirmatively stating that each of the four lower price bidders are incompetent when it comes to securing permits and scheduling inspections and that Pravin Patel is competent in this regard, the subjective statement that Pravin Patel has an excellent relationship with the Township is of no import.

**(b)Construction Management Consultant RFP.** This RFP failed to solicit all price elements (see (1) above). A May 26, 2010, contract award recommendation notes that 20 firms responded to the RFP and that hourly rates proposed ranged from a low of \$60.23 to a high of \$150.75. The recommendation to award recommends that two contracts, each in the amount of \$100,000, be awarded. One to the fourth low bidder, Economic Project Solutions (\$81.75 per hour) and the other to the eighth low bidder, Cambridge Construction (\$89.75 per hour). **Economic Project Solutions and Cambridge Construction are the incumbents.\***

Although comments were made relating to each bypassed bidder, no bypass analysis was performed. The comments made relating to each bypassed bidder were as follows: (1) the firm is a 20 person firm, the firm is eight years old, and most of the firm's experience is at New Jersey City University; (2) most of the firm's CM work has been outside of New Jersey; (3) the firm hired a subconsultant to assist in providing CM services; (4) the firm is too large, we will not receive timely service; (5) the majority of the firm's work has been in elementary and high school ; and (6) the firm has extensive experience in major public and private projects including higher education.

The comments made relating to Economic Project Solutions, the recommended fourth low bidder, and Cambridge Construction, the recommended eighth low bidder, were that they are incumbents and have outstanding performance records.

The comments made with respect to each bypassed bidders do not negatively reflect on their respective ability to satisfactorily perform the contract. The comments made relating to the proposed awardees can never alone serve as public procurement justifications for a bypass.

\*It is problematic to award a contract for the same service to two contractors. A user department can never have unbridled discretion to arbitrarily choose which of two eligible contractors to award a project to. If the work volume requires two contractors, one contractor must be designated as the primary contractor and the other contractor must be designated as

the secondary contractor. The primary contractor must always be asked first if it is able to take on the proposed work.

**(c) Architect Consultant of Record RFP.** This RFP failed to solicit all pricing components (see (1) above). A May 27, 2010, contract award recommendation notes that 13 firms responded to the RFP and that the weighted hourly rates proposed ranged from \$96.00 per hour to \$140.10 per hour. Two contract awards, each in the amount of \$100,000, are recommended, one to the third low bidder, Sibona Group (\$100.35 weighted hourly fee) and one to fifth low bidder (B.L.D.G. Architecture (\$103.05 weighted hourly fee). **Sibona Group and B.L.D.G. Architecture are the Incumbents.**

No comments were made relating to any bypassed lower price bidder. The comments made relating to Sibona Group, the recommended third low bidder, and B.L.D.G Architecture, the recommended fifth low bidder, were that they provided excellent performance over the last year and I would like to continue using them.

The required bypass analysis with respect to each bypassed lower price bidder was not provided. No evidence substantiating that the bypassed bidders would be unable to satisfactorily perform the contract was provided. The comments made that the proposed awardees provided excellent performance over the last year can never stand alone as public procurement justification for a bypass.

**Conclusion:** None of the three contract award recommendations discussed was justified in accord with public procurement law. As noted, I have only had the opportunity to date to review these three contract award recommendations. My concern is that the accepted practice for procurements where "other factors" are permitted to be considered appears to be to bypass lower price bidders in order to contract with higher price bidders without providing acceptable public procurement justification.

It is critical that whenever bid proposals are permitted to be evaluated on the basis of "price and other factors" that: (1) the evaluation criteria be included in the RFP; (2) the evaluation criteria be weighted by the Evaluation Committee or, if there is no Evaluation Committee, by the assigned Purchasing Department buyer, in consultation with the user department, prior to the opening of bid proposals; (3) if the consensus is that it is in OCC's best interest to award the contract to other than the lowest price responsible and responsive bidder, the contract award recommendation provide bypass detail for each bypassed bidder, specifically: (a) the factors in support of the bypass; (b) why each factor cited in support of the bypass is important to the contract; (c) with respect to each factor cited, how the credentials of the recommended higher price bidder are superior to the credentials of each bypassed lower bidder; and (d) an



explanation as to why the factors cited in support of the bypass justify the additional cost. This document is a public document after contract award.

It is critical that the Purchasing Department have primary responsibility for all OCC purchases. The Purchasing Department, not the user department, must have the primary role in the evaluation of bid proposals received. As noted, the three contract award recommendations raise numerous red flags from a public procurement perspective. The three contract award recommendations were finalized without the Purchasing Department's involvement. The three contract award recommendations are public documents.

It is clearly not in OCC's best interest, or the taxpayers' best interest, to have contracts awarded by the OCC Board to higher price bidders without the legally required public procurement justification for bypassing lower priced bidders having been satisfied. The Purchasing Department, in consultation with the user department, must take the lead role in the evaluation of bid proposals going forward. This will prevent recommendations to award of the kind noted in (a), (b) and (c).

### **(3) Evaluation of Bid Proposals must be Impartial**

The Evaluation Committee's role in the procurement process or, if no Evaluation Committee has been established, the assigned Purchasing Department buyer and user department representative's role in the procurement process is to evaluate bid proposals received and to recommend a contract award. The goal is to reach a consensus decision as to which bidder is to recommend for contract award.

An OCC employee who has a known or perceived conflict of interest with any potential bidder, or with any potential subcontractor of a potential bidder, cannot be involved in the evaluation of bid proposals. Any OCC employee involved in any aspect of an RFP or contract award who is aware of an actual, perceived or possible conflict of interest should immediately notify the assigned Purchasing Department buyer or the Manager of the Purchasing Department. It is critical that there be no public perception that bid proposals are being evaluated in other than an objective, impartial, unbiased and fair manner.

The pending Construction Consultant RFP (2(a) above) raises several concerns in this regard. This RFP solicited pricing for all price elements. As noted, the May 18, 2010, recommendation to award recommends, without public procurement justification, bypassing four lower price bidders to effectuate a contract award to Pravin Patel, at an additional cost to OCC of \$24,440. In order to avoid even the appearance of impropriety, no one involved in the May 18, 2010, recommendation to award should be involved in the evaluation of bid proposals received in response to the Construction Consultant RFP going forward. There clearly could be a public perception that such individuals are predisposed to award the contract to Pravin Patel.

#### (4) Socializing With Bidders

"Bidding statutes are for the benefit of the taxpayers and are to be construed as nearly as possible with sole reference to the public good...[A]ll bidding practices which are capable of being used to further corrupt ends or which are likely to affect adversely the bidding process are prohibited, and all awards made or contracts entered into where any such practice may have played a part, will be set aside. This is so even though it is evident that in fact there was no corruption or any actual adverse effect upon the bidding process." [Terminal Const. Corp. v. Atlantic Cty Sewerage Auth., 67 N.J. 403, 409-10 (1975), emphasis added]

In Keyes Martin & Co. v. Director, Div. of Purchase, 99 N.J. 244 (1985), the plaintiff submitted the lowest price bid proposal for an advertising and promotional services contract for the State Lottery. Although the evaluation committee determined that the plaintiff was the best qualified for the contract, the Attorney General recommended that the Director reject the plaintiff's bid proposal after various business dealings between the president of the plaintiff and the chairman of the Lottery Commission came to light. Because the Director determined that the public could perceive the relationship between the plaintiff and the chairman of the Lottery Commission as one of special treatment which may have adversely reflected on the integrity of the procurement process, the Director awarded the contract to another bidder. The Supreme Court of New Jersey determined that the Director properly exercised his discretion by rejecting the plaintiff's bid proposal due to the public perception of a possible improper relationship between the chairman of the Lottery Commission and the plaintiff (See also State of New Jersey v. Robert K. Thompson, et al. 402 N.J. Super 177 (2008)).

In a January 28, 2003 memorandum to "Agency Contract Officials," Assistant Attorney General Susan Roop counseled:

"Direct contact between personnel at the agency and any prospective bidder should cease immediately upon the initiation of the RFP preparation process."

An OCC employee engaged in any aspect of an OCC procurement must be independent from vendors, bidders, prospective bidders, interested parties and, in a perfect world, politicians and political appointees. As human beings we tend to form emotional obligation bonds with people we like, who are nice to us, who help us, who flatter us and people who give us things. In procurement, while one can be friendly and helpful, one must resist the temptation to accept benefits from any would be bidder, so as to reduce the desire to reciprocate.

I have been advised that two senior staff members went on a social outing with a bidder after the opening of bid proposals and before contract award. The social outing took place after one of the senior staff members involved finalized a contract award recommendation

recommending that the bidder receive the contract award. The contract award recommendation recommended bypassing four lower price bidders without providing a public procurement justification for any of the bypasses at significant additional cost to OCC. Certainly the public could perceive that a social outing involving two OCC senior staff and the fifth low bidder recommended for contract award by one of the senior staff without a public procurement basis and at significant additional cost to OCC was improper.

In order to protect the reputation of OCC and to avoid even the appearance of impropriety, I strongly urge that a policy be adopted by the OCC Board that precludes any OCC employee involved in any aspect of a procurement, including soliciting OCC Board approval, from going on social outings with or accepting anything of value from any prospective bidder from the time that the RFP is initiated until the time that a contract is approved by the OCC Board and finalized. Such a policy would be consistent with legal advice provided by the Attorney General's Office to State Agency Contract Officials and New Jersey Supreme Court rulings. Such a policy would serve to protect the reputation of OCC; would help ensure that bid proposals are evaluated in an objective, impartial, unbiased and fair manner; and protect the reputations of the individuals involved.

**(5) The OCC Board should be advised when contract award recommendations involve bypasses of lower price bidders.**

Related to the need to substantiate and document each recommended bypass of a lower price bidder for procurements where "other factors" are permitted to be considered in the evaluation of bid proposals (see 2 above) is the need for the OCC Board to be fully informed of any such bypass and the rationale therefore when approving the contract award. At present, this is not done.

The form "Resolution" submitted to the OCC Board relating to proposed contract awards that are exceptions to public bidding only provides the name of the contract, the purpose of the contract, the awarded bidder(s), a not to exceed amount and a certification that funds are available. In instances where a proposed contract award involves a bypass of a lower price bid proposal, there is no mention the bypass. There is no information provided relating to the rationale justifying the bypass or the additional amount that OCC will be paying because of the bypass.

The OCC Board must be provided the opportunity to consider whether a proposed bypass of a lower price responsible and responsive bidder and OCC paying more for the goods and/or services is in OCC's best interest. There must be a complete public record as to the awarding of each contract over the public bid threshold. The public has a right to a full explanation as to the necessity for the contract; the term of the contract; the manner in which the procurement was

conducted; the manner in which bid proposals received were evaluated; and, if a lower price bidder is bypassed, an acceptable public procurement basis for each such bypass.

Fully informing the OCC Board whenever a recommended contract award involves a bypass is critical. Not doing so results in the OCC Board not making an informed decision. Not doing so results in the OCC Board assuming that the recommended contract award is to the lowest bidder, which is not the case. Not doing so results in the OCC Board failing in its statutory responsibility to ensure that all awarded contracts are in OCC's best interest.

Fully informing the OCC Board whenever a recommended contract award involves a bypass is also clearly within the purpose and intent of the County College Contracts Law and the State's Open Public Meetings Act. The public has the right to know how the OCC Board is awarding contracts and, with respect to a contract award involving a bypass, why the OCC Board has approved paying more for the goods and/or services in question.

#### **(6) RFQ Process**

Traditionally, the Request for Qualifications ("RFQ") process is a publicly advertised procedure that solicits qualifications from interested vendors for a particular project that requires public advertising. The purpose of the RFQ process is to narrow the field of potential bidders to those meeting the level of skill and experience required by the public entity for the particular project, thereby relieving unqualified firms of the cost and expense of preparing bid proposals in response to the Request for Proposals ("RFP") for the project. Respondents to the RFQ who are determined to be qualified are provided a copy of the RFP and invited to submit bid proposals.

There is an RFQ process, which is a variation of the traditional RFQ process, that I have been advised has been utilized by OCC in the past for various professional construction services. In this RFQ process, a limited number of firms responding to a publicly advertised RFQ are "qualified" for a one year term to bid on future unknown professional construction service contracts (examples may include: architectural services, civil engineering services, structural engineering services and landscaping design services). As a project requiring a particular professional service is identified, the qualified firms are provided a copy of the scope of work and invited to submit bid proposals. For projects over \$17,500, the College has the option of either soliciting pricing from the qualified firms or publicly bidding for the professional service.

Is there any interest in such RFQs going forward?

## (7) Change Order Process

(a) Tozour Trane Energy was awarded a \$2,562,000 contract for energy conservation on March 23, 2009. The contract was awarded for specific energy conservation initiatives, for example: changing out light fixtures and pumps for greater energy efficiency. To date there have been 17 change orders issued to this contract having a total value of \$356,732. Two additional change orders, one for \$33,000 and the other for \$20,000, are tentatively scheduled for the OCC Board's July 26, 2010, meeting.

In determining whether a change order is permissible, and not a violation of procurement law, the scope of work within the original awarded contract must be carefully reviewed. The change order must be concluded to be necessary to accomplish the original awarded contract:

"Ordinarily, the right to alter or change the contract under a provision for such alteration is limited changes which do not unreasonably alter the character of the work....[T]here can be no change so as to constitute a radical or substantial departure from the original contract." [17A C.J.S. Contracts 407b (1999).]

The New Jersey Supreme Court has ruled:

"[B]ona fide emergencies might arise and incidental alterations may well be required. When the resulting additional expenditures are reasonable and are conscientiously viewed as being in fulfillment of the original undertaking rather than as departing there from it would clearly be contrary to the public interest to halt the undertaking and call for bidding with respect to the additional work entailed by the emergency or the incidental alteration." [Home Owners Construction Co. v. Glen Rock, 34 N.J. 305, 315 (1961).]

Accordingly, when reviewing a proposed change order to determine whether it is appropriate, one looks to see whether the additional work provided under the change order is necessary to complete the originally awarded contract and whether the cost of the proposed change order is reasonable.

I have not reviewed the 17 change orders approved but the very number of change orders approved raises red flags. If in fact all 17 change orders approved are in fulfillment of the original contract undertaking, there is clearly a problem in the manner in which the original scope of work was written. There is no excuse for a scope of work that does not fully set forth OCC's needs and expectations. OCC should never be in the unenviable position of having to negotiate with a contracted firm for a contract requirement that was not included in the original scope of work.

My concern is that change orders may have been issued to Zour Trane Energy for work that is unrelated to its awarded contract, which identified specific items of work. In other words, instead of publicly bidding work, OCC may simply be getting a price from Zour Trane Energy and issuing a change order to avoid public bidding. If this is in fact the case, it is a violation of procurement law. The available market is not being leveraged. There is no incentive for Zour Trane Energy to sharpen its pencil. OCC is overpaying for the work.

The two pending change orders do not appear to have the legally required nexus to Zour Trane Energy's underlying contract that the Supreme Court requires. The proposed \$33,000 change order relates to an annual fee for a controls and sustainability contract for the Distech Building Automatic Control System. The proposed \$20,000 change order relates to a blanket purchase order requisition for materials, labor and parts for the Trane Automation System component expansion support.

It is possible that Zour Trane Energy has illegally morphed into OCC's energy contractor of choice. If a proposed change order is not in fulfillment of the original undertaking, competition must be solicited in accord with procurement law. No one loses when competition is solicited, certainly not OCC, the taxpayers or the firms offered the opportunity to contract with OCC.

**(b) Hall Building Corporation** was awarded a contract for the facilities building in the amount of \$577,000. Eight change orders have been issued to date totaling \$296,345.35. Work under the change orders included: new gutters, rooftop ladders, snow guards, revised dumpster area, additional card readers, repair of the existing roof and installation of data drops.

All change order work was completed prior to requisitions being entered. The Purchasing Department was not afforded the opportunity to ask whether or not the change order work was necessary to accomplish the original awarded contract (see (a) above).

If the \$296,345.35 in change order work to date was in fact necessary to accomplish the original awarded contract, the question must be asked why such a significant amount of work was not included in the RFP's original scope of work. Ten bidders responded to the RFP. While competition was solicited with respect to Hall Building Corporation's original \$577,000 contract, there was no competition solicited with respect to the \$296,345.35 in change orders. The \$296,345.35 in change orders is more than 50% of the value of the Hall Building Corporation's original \$577,000 contract. It is not in OCC's interest or the interest of taxpayers to be amending contracts in this manner.

If the work was not necessary to accomplish the original work it should have been publicly bid. While it may be convenient to simply amend an on-site contractor's contract to include work that is not necessary to accomplish the original awarded contract, it is against the law. Public

procurement is never about convenience, it is about leveraging the available market to the fullest extent possible to ensure the lowest possible price from a responsible bidder.

An outside construction manager or an OCC employee must not give a contractor the go ahead to do change order work absent a fully approved requisition. If there is a timing consideration with respect to change order work necessary to accomplish the original work proceeding before the requisition is fully approved, the prior written approval of both the Vice President of Planning and Administration and the Vice President of Finance should be required before the change order work is permitted to proceed.

It should be made clear to outside construction managers and OCC employees that directing a contractor to proceed with change order work that increases the contract price without a fully approved requisition or without the prior written approval of both the Vice President of Planning and Administration and the Vice President of Finance is not permitted. It should be made clear to the outside construction manager that any such direction on its part is a substantive breach of contract justifying contract termination. It should be made clear to OCC employees that such direction on his or her part will result in disciplinary action.

**(8) The Purchasing Department must be involved in internal meetings/communications relating to a procurement that has been advertised.**

On June 29, 2010, there was a site visit for the \$26,000,000 Gateway project. There were concerns voiced by attendees regarding the coordination of the on site improvement work being done by the County and the awarded general contractor's work. Promise made that the milestone dates and completion dates for the site improvements would be provided in an addendum that would be issued on or before Friday, July 2, 2010. Such information is critical for interested firms to complete their proposals.

The New Jersey Supreme Court has stated that an RFP must "supply such information as will afford all bidders a fair and reasonable opportunity for competition and enable them to bid intelligently." [Camden Plaza Parking, Inc. v. City of Camden, 16 N.J. 150, 159 (1954).] The Court also held that the "necessity of having a common standard and the importance of definite and precise specifications upon which to found corporate action are too apparent to require argument." [Waszen v. City of Atlantic City, 1 N.J. 272, 283-84 (1949).]

On Tuesday, June 29, 2010, at 1:58 pm, I e-mailed Mark Bowcock, copying Ken Olsen, OCC Vice President Richard Parrish, OCC Vice President Sara Winchester and OCC Director of Accounting Karen Papaconstantinou, advising that Cambridge be made aware that its responsibility under its construction management contract with OCC for the Gateway project includes immediately reporting any scheduling issues that might arise between the County's site work and the work of the awarded general contractor.

On Tuesday, June 29, 2010, at 2:03 pm, Ken Olsen forwarded my concerns to Greg Romero, copying Lou Renton (Cambridge) stating:

**"Your comments please. To me only."**

The reason for this directive is not know. My e-mail was sent to Mark Bowcock, the assigned buyer, copying Ken Olsen, OCC Vice President Richard Parrish, OCC Vice President Sara Winchester and OCC Director of Accounting Karen Papaconstantinou. Cambridge is under contract with OCC as the construction management company for the Gateway project. Cambridge is paid with public monies. Gateway is a \$26,000,000 project being funded with public monies.

On Tuesday, June 29, 2010, at 4:06 pm Cambridge provided its response to Ken Olsen.

On Thursday, July 1, 2010, a meeting was held regarding the Gateway RFP addendum, including the scheduling of site improvements being done by the County. The assigned Purchasing Department buyer, Mark Bowcock, was not advised of this meeting.

On Thursday, July 1, 2010, at 3:16 p.m. Ken Olsen forwarded Cambridge's June 29, 2010, response to my June 29, 2010, e-mail to OCC Vice President Richard Parrish, OCC Vice President Sara Winchester and I. Cambridge responded to my concerns and noted that, while completion dates were known, it was still working with the County on milestone dates.

On Friday, July 2, 2010, at 2:56 pm Mark Bowcock sent the promised RFP addendum to all construction firms who attended the site visit. The addendum attached the County's completion dates for site improvements and copied Cambridge's June 29, 2010, e-mail language relating to milestone dates, advising that this information would be provided in a future RFP addendum.

It is critical that the Purchasing Department be involved in meetings/communications relating to an OCC procurement that has been advertised. It is the purchasing Department's responsibility to ensure that all OCC procurements are conducted in full accord the laws governing public procurement.



OCEAN COUNTY COLLEGE

OFFICE OF THE VICE PRESIDENT OF FINANCE

MEMORANDUM

TO: Dr. Jon Larson, President

FROM: Sara Winchester

DATE: September 23, 2010

SUBJECT: Investigation of Procurement Issues

I have conducted a thorough investigation of all the procurement issues brought to our attention by Mr. Joseph Reilly in his memorandum of July 9, 2010 (copy attached). Below is a point by point response to each issue.

(1) All Elements of Price not considered

Mr. Reilly contends that every State procurement statute, including the County Contracts Law, requires that price of the primary consideration in the awarding of public contracts. He also contends that OCC's Board of Trustees approved "on call" contracts without all elements of price being known.

These contracts were procured through an open public process in which a RFP was issued by the College and awards were made based on price and other factors. These awards were reviewed by the College attorney routinely as part of the Purchasing agenda and the legitimacy of the process was never called into question. Since Mr. Reilly brought his concerns to our attention in early July, much time and attention has been focused on improving our practices and we are in the process of reviewing a new set of policies and procedures that would eliminate the practices that are not in the best interest of the College. While these past practices are not desirable and will not be repeated, they were not

illegal. As such we have not cancelled all of the existing contracts that Mr. Reilly contends should be cancelled because it would not serve the College's best financial interest to do so. Attached are the details concerning the eight contracts recommended by Mr. Reilly for cancellation. All of the contracts that will not cause unnecessary financial harm to the College will be cancelled.

Of the eight contracts in question, three were advertised for re-procurement (Construction Consultant, Architect Consultant and Construction Management Consultant). Of these three, only one was awarded, Architect Consultant. The award was made to the lowest bidder at the August 23, 2010 Board meeting. Mr. Reilly made no objection to this award and in a meeting on the subject he verbally advised that he was comfortable with this award.

## (2) Arbitrary Contract Awards

Mr. Reilly's memo expresses concern that contractors in general are being arbitrarily recommended to the OCC Board for contract award and notes the following examples.

### Construction Consultant RFP

Mr. Olsen's May 18, 2010 recommendation of Pravin Patel (the 5<sup>th</sup> lowest bidder) was seconded by Dr. Parrish. On June 2, 2010 I rejected this recommendation in a memo to Dr. Parrish in which I stated that the recommendations were not adequately supported (copy attached). Dr. Larson verbally agreed that the recommendations should be rejected and would not go forward to the Board of Trustees. When Mr. Reilly first came on board (hire date 6/7/10) we shared the recommendation and the decision to reject it with him and asked for his opinion. It was very clear that you and I had decided the recommendation would not proceed before he arrived at OCC but his opinion was requested to assist in developing procedures for the future. Mr. Reilly's memo of July 9, 2010 ignores the fact the recommendations were rejected by the Vice President of Finance and the President. The recommendations did not reach the Trustees because only recommendations from the President are presented to the Trustees.

After much internal discussion during July and August, the Construction Consultant RFP was awarded to Sebillia Construction Services (the lowest bidder) at the August 23, 2010 Board meeting which is consistent with Mr. Reilly's recommendation. Mr. Patel concluded all work at OCC on 8/31/10.

#### Construction Management Consultant RFP

The recommendation made by Mr. Olsen on May 26, 2010 and seconded by Dr. Parrish was rejected in my June 2, 2010 memo. This rejection was supported by Dr. Larson. No recommendation to award was presented to the Board of Trustees. We internally debated whether or not the Request for Proposal (RFP) had to be cancelled by the Board. Mr. Reilly drafted rejection language for the August Board but it was pulled it from the agenda on the advice of Mr. Sahradnik. Mr. Sahradnik advised that there was no required timeframe to award or cancel the RFP and we thought we might revisit the Construction Management award in the same way we had changed direction on the Construction Consultant. It is now clear that we will not award the Construction Management consultant contract and, accordingly, a rejection is included in the September 27<sup>th</sup> Board meeting agenda.

#### Architect Consultant of Record RFP

The recommendation made by Mr. Olsen on May 27, 2010 and seconded by Richard Parrish was rejected in my June 2, 2010 memo. The rejection was supported by Dr. Larson. The recommendation to award was not presented to the Board of Trustees. We internally debated whether or not the RFP had to be cancelled by the Board. Mr. Reilly drafted rejection language for the August Board but it was pulled it from the agenda on the advice of Mr. Sahradnik. Mr. Sahradnik advised there was no required timeframe to award or cancel the RFP and we thought we might revisit the Architect award in the same way we had changed direction on the Construction Consultant. It is now clear that we will not award the Architect Consultant contract and, accordingly, a rejection is included in the September 27<sup>th</sup> Board meeting agenda.

### (3) Evaluation of Bid Proposals must be Impartial

Draft procedures currently under review will specify the make-up of evaluation committees which will include the appropriate Purchasing Department staff. The procedure will also require that any OCC employee who has a conflict of interest cannot be involved in the evaluation of bid proposals.

Mr. Reilly contends that Mr. Olsen and Dr. Parrish should not have been involved in the evaluation of the bid proposals received in response to this particular Construction Consultant RFP. He contended there clearly could be a public perception that they are predisposed to award the contract to Pravin Patel. This was written by Mr. Reilly on July 9, 2010. Since that time many discussions took place between the involved parties (Mr. Reilly, Mr. Olsen, Dr. Parrish, Dr. Larson and Sara Winchester) and it was ultimately decided that the contract be awarded to the low bidder, Sebilis Construction Services making the original issue of a conflict of interest moot. The award was approved at the August 23, 2010 Board meeting. Throughout the discussion process, Mr. Reilly did not object to Mr. Olsen or Dr. Parrish's participation and there is no evidence that they were incapable of impartial participation in the process.

### (4) Socializing with Bidders

Mr. Reilly writes: "I have been advised that two senior staff members (Dr. Larson and Mr. Olsen) went a social outing with a bidder (Pravin Patel) after the opening of bid proposals and before contract award. The social outing took place after one of the senior staff members involved (Olsen) finalized a contract award recommendation recommending that the bidder (Patel) receive the contract award. The contract award recommended bypasses without providing a public procurement justification for any of the bypasses at significant additional cost to OCC. Certainly the public could perceive that a social outing involving two OCC senior staff and the fifth low bidder recommended for contract award by one of the senior staff without a public procurement basis and at significant additional cost to OCC was improper."

We assume that Mr. Reilly was referring to May 28<sup>th</sup>, 2010 when Dr Larson, Mr. Olsen and Mr. Patel played golf together. Dr. Larson paid for the golf with a certificate he had purchased (bid on and won) at the prior year's Foundation Gala. Mr. Patel did not pay any expenses on behalf of Mr. Olsen or Dr. Larson. Dr. Larson has explained that he occasionally golfs with Mr. Patel and other individuals who do business with College mostly in connection with fund raising events for the College. Mr. Patel is a supporter of the OCC Foundation gala and for Dr. Larson to use the certificate he won at the gala to play golf with Mr. Patel has no connection to Mr. Patel's bid, but rather was intended to maintain a relationship with a Foundation supporter.

Again, Mr. Olsen's May 18<sup>th</sup> recommendation to award to Mr. Patel was never approved by the President and was formally rejected by me on June 2, 2010. There is no evidence that the golf outing on May 28th had any impact on the contract which was not awarded to the low bidder, not Mr. Patel. We believe it is good practice to exercise more care to avoid the appearance of impropriety and this will be addressed in the new procedures currently under development.

Mr. Reilly recommended that a policy be adopted by the OCC Board that precludes any OCC employee involved in any aspect of procurement from going on social outings or accepting anything of value from a prospective bidder during the time the RFP is initiated until the time that a contract is approved by Board. A policy is being drafted to address this concern as well as provide a broader guideline for all employees in regard to socializing, acceptance of gifts and other ethical standards.

(5) The OCC Board should be advised when contract award recommendations involve bypasses of lower priced bidders.

Mr. Reilly recommends that the Board be fully informed when a contract is not awarded to the lowest bidder in cases where price and other factors are permitted in the evaluation process (RFPs). A list of bidders and their bid amounts are provided to the Board when bids are awarded. However, when contracts solicited through the RFP process are awarded, the Board approves a resolution that does not contain that information. We do routinely evaluate RFP

proposals in an organized manner that includes the appointment of a committee and the development of weighted evaluation criteria that is used by all committee members. We will formalize this process and provide more complete information to the Board going forward. A form will be developed to accompany the resolution that will provide all relevant information to the Board prior to future awards that are based on price and other factors.

#### (6) RFQ Process

Mr. Reilly describes the RFQ process and a variation used by OCC in the past. The College should use the RFQ process as described and we are in the process of drafting RFQs for professional services. Procedures are currently under review to document the entire process. These procedures will be shared with the Board prior to implementation.

#### (7) Change Order Process

The change order process has been reviewed and a new standard operating procedure has been issued by Dr Larson since this was written (see attached). The new SOP addresses all of the concerns raised by Mr. Reilly. However, all of his conclusions are not warranted. For one, Mr. Reilly indicates that "there is no excuse for a scope of work that does not fully set forth OCC's needs and expectations. OCC should never be in the unenviable position of having to negotiate with a contracted firm for a contract requirement that was not included in the original scope of work." Ideally this is true but to assert that a scope of work for a project such as a renovation of an existing building can and should be 100% complete is overly optimistic. It has often been our experience that after a renovation project begins, unanticipated problems come to light and the issues must be resolved as they come to our attention.

#### (8) The Purchasing Department must be involved in internal meetings/communications relating to a procurement that has been advertised.

It was always our intention to keep Purchasing staff involved in all aspects of procurement. Staff involved in project management has been reminded to keep Purchasing informed and involved in all matters relating to procurement.

In closing, I submit that all the concerns brought to our attention by Mr. Reilly have been addressed. These issues will not be completely resolved until the policies and procedures currently under development are formally approved by the Board of Trustees. In the meantime we have abandoned the undesirable practices brought to our attention by Mr. Reilly and I will keep you informed as we continue to improve our procurement processes.

**Sara Winchester**

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**From:** Joseph Reilly  
**Sent:** Friday, August 20, 2010 11:09 AM  
**To:** Richard Parrish; Ken Olsen  
**Cc:** Sara Winchester; Karen Papakonstantinou; Mark Bowcock  
**Subject:** Maintenance and Materials Contracts

In my July 9, 2010, memorandum titled OCC Procurement Concerns, I voiced my concerns with numerous contracts for various professional services awarded by the Board of Trustees and pending RFQs for various professional services because they failed to consider all elements of price.

I have the same concern with numerous time and materials contracts awarded by the Board of Trustees on the basis of hourly rates and percentage mark ups for materials utilized. Like the contracts awarded by the Board of Trustees for various professional services and the pending RFQs for various professional services, all elements of price were not considered. The amounts approved by the Board of Trustees for time and materials contracts are often in the six figure range, for example, Electrical Services-\$300,000, Painting Services-\$300,000, Plumbing Services-\$300,000, HVAC Services-\$300,000, General Maintenance and Repair Services-\$300,000 and. Electronic and Pneumatic Controls-\$125,000. Numerous other awarded time and materials contracts are in excess of the College's \$17,500 public bid threshold.

While there is a critical need for these contracts, the statutory mandate that all elements of price be considered in the awarding of public contracts must be complied with. It is my understanding that the value of individual projects awarded to various time and materials contractors are often \$6,400 and greater, the present statutory threshold requiring the solicitation of price competition, NJSA 18A:64A-25.19, and are sometimes \$17,500 and greater, the College's public bid threshold.

**Recommendation:**

It is my recommendation that we immediately bring the work under the various time and materials contracts into compliance with the statute. As noted, the statute permits work having a total value of less than \$6,400 to be awarded without price competition. Accordingly, the awarding of work under the various time and materials contracts having a total value of less than \$6,400 can continue. The awarding of work under the various time and materials contracts having an estimated total value of \$6,400 and greater cannot continue. It cannot continue because the various time and materials contracts were awarded without all elements of price having been considered.

Price competition must be solicited for all work that is the subject of the various time and materials contracts that has an estimated total value of \$6,400 and greater. A scope of work should be prepared by the Facilities Department and forwarded to the Purchasing Department. For work having an estimated total value of between \$6,400 and \$17,499, the Purchasing Department will solicit a minimum of three vendors. For work having an estimated total value of \$17,500 and greater, a publicly advertised RFP will be issued by the Purchasing Department.





OFFICE OF THE PRESIDENT

To: Dr. Richard Parrish  
Ms. Sara Winchester  
Mr. Ken Olsen

From: Dr. Jon Larson

*Tom Larson*

Subject: Standard Operating Procedure for Construction Change Orders

Date: September 22, 2010

In order to ensure compliance with State law and Board policy, as well as to make certain that there is clear communication on construction progress, I am directing that a new Standard Operating Procedure (SOP) be established for change orders resulting in changes to Board of Trustees approved construction contracts. The proper approval of such change orders is critical. Such change orders can have a major impact on construction costs. This SOP defines the steps to be taken when change orders resulting in price increases to Board of Trustees approved construction contracts are determined to be necessary.

1. If the construction manager, engineer or architect determines that a change in the scope of work of the original contract is necessary, the construction manager, engineer or architect shall immediately submit a written recommendation to the Director of Facilities Engineering and Operations. If the proposed change involves a price increase, such written recommendation shall include an itemized price breakdown. The breakdown shall cover all work involved in the proposed change in the scope of work of the original contract. The price breakdown must be sufficient in detail to permit an analysis of all material, labor, equipment, overhead costs and profit. Any amounts proposed for subcontracts shall be supported by a similar breakdown.
2. The Director of Facilities Engineering and Operations, with assistance from the construction manager, shall negotiate the amount of the proposed change order with the contractor, taking into account the nature, extent and complexity of the work involved. Such negotiations shall also include any contract time extension that might be required by the contractor to complete the proposed change order work. The architect/engineer will assure that the proposed change meets all code and design requirements.

3. The Director of Facilities Engineering and Operations will submit the proposed change order to the architect/engineer who designed the project for approval and subsequently to the Vice President of Planning and Administration and the Vice President of Finance. The Vice President of Planning and Administration must agree in writing that the work is necessary and that the proposed price increase is reasonable. The Vice President of Finance must certify that additional funds are available for the work.
4. The Vice President of Planning and Administration shall inform the President in writing of the proposed change order and request Presidential approval.
5. Following the President's approval, the Purchasing Department shall prepare an action item for the Board's next meeting, advising the Board of the change order and of the resulting contract price increase. Following the Board meeting, the Director of Facilities Engineering and Operations shall enter a requisition in Datatel requesting an increase in the purchase order by the amount of the change order. Following receipt of a fully approved requisition, the Purchasing Department shall issue an amended purchase order, increasing the purchase order by the amount of the change order. The Purchasing Department will provide the Director of Facilities Engineering and Operations and the contractor with a copy of the amended purchase order. The Director of Facilities Engineering and Operations shall direct the contractor to proceed with the approved change order work. No work relating to a change order shall be permitted to commence prior to Board approval and prior to the issuance of an amended purchase order by the Purchasing Department.
6. The Director of Facilities Engineering and Operations shall inform all College contractors that change order work must not be performed by the contractor prior to Board approval. Contractors shall be informed that, absent an amended purchase order reflecting the value of the change order work, any change order work performed by the contractor shall be construed by the College as voluntary performance and as a waiver of any and all claims to extra payment.
7. An "expedited" change order approval process may be utilized for change orders that are considered to be of an emergency nature that may affect the immediate health, safety, or welfare of the College's students, faculty, staff, and general public.

For these change orders, the following emergency procedure will be followed:

- a. The construction manager shall inform the Director of Facilities Engineering and Operations of the emergency and recommend a corrective action who, in turn, will inform the Vice President of Planning and Administration. The College President will be notified and a Certificate of Request for Emergency Purchase will be completed. This certificate will include an estimated amount necessary to perform corrective action and the approvals of the Vice President of Finance, the Vice President of Planning and Administration, and the College President.
- b. The full change order approval process outlined above will be followed for formal Board of Trustees approval at the next Board meeting.



**STANDARD OPERATING PROCEDURE  
FOR  
CHANGE ORDERS TO CONSTRUCTION CONTRACTS**

September 22, 2010

**I. Purpose**

The purpose of this document is to memorialize a procedure for the processing and President / Board of Trustees approval of change orders for all construction contracts.

**II. Background**

The procedure provides for approval of all construction change orders by the college in the following order:

1. General contractor initiates change order request (sometimes initiated by Owner)
2. Architect/Engineer approves request
3. College's Director of Facilities, Engineering and Operations and the Construction Manager review and evaluate the need for the change order request
4. Vice President of Planning and Administration evaluates the request
5. Vice President of Finance certifies that funds are available
6. President evaluates and approves the request for Board of Trustee action
7. Board of Trustees review and approve or reject the request
8. Purchase orders are issued to contractors after Board approval.

All change orders are tracked by the College's Construction Manager in a formal cost report to ensure that change orders do not exceed the approved project budget. All change orders are categorized by Owner Scope Change, Field Condition, Architect/Engineer Error, or Architect/Engineer Omission.

**III. Proposed Procedure – Details**

1. During initial project development, all project budgets are to include construction costs, soft costs and have a contingency line item for potential funding of construction change orders. Depending on the project size, contingency budgets can range from 5% to 15% of construction cost. The contingency fund to be included in the project budget will be recommended by the Vice President of Planning and Administration to the President and Board of Trustees, as recommended by the Director of Facilities Engineering and

Operations. Following Board approval of a construction contract award, contractors will be issued purchase orders for the construction amount only

2. After award of a construction contract, a change order to the contract may be required at any time. A change order can be initiated either by the College (scope change) or by the contractor, resulting from additional work not included in the contract documents.
3. Once a change order is initiated the project Architect/Engineer must review, approve, and provide the authority to continue with the change order process.
4. The Construction Manager shall manage the change order process by preparing a "Change Order Authorization Form" for submittal to, and for review and approval by the College (see attached sample form).

This document will provide the following information:

- Change Summary and Description
  - Change Order Cost
  - Change Initiator
  - Type Change (Scope, Field, A/E Omission, A/E Error, Other)
  - Change Impact to Project Schedule Critical Path
  - Recommendations by CM and A/E
  - Approvals by the College
5. The Change Order Authorization Form will be reviewed and signed by the Architect/Engineer, then the Construction Manager.

Attachments will include all relevant supporting documentation including contractor change order request detailing material quantities, material/equipment costs, labor man hours, labor costs and allowable overhead/profit markups consistent with the contract.

6. The College approval process for change orders is as follows:
  - a. Change Order Authorization Form (signed by Construction Manager and Architect/Engineer) submitted to the Director of Facilities Engineering and Operations for review and approval.
  - b. Upon approval by the Director of Facilities Engineering and Operations, the Vice President of Planning and Administration will review documentation and assure the basis for change is persuasive and warrants approval.

- c. The Vice President of Finance will review and approve certifying that the project budget has available funds for the requested change order.
  - d. The President will review and if approved, present the proposed change order to the Buildings and Grounds Committee of the Board of Trustees for review.
  - e. The President will present the proposed change order to the Board of Trustees for review and approval.
  - f. The Purchasing Department will prepare and issue a purchase order to the contractor, only after Board of Trustees approval.
  - g. Upon approval by the Board, a requisition will be entered in Datatel to reflect the amount of the change order. The Purchasing Department will process the requisition and issue an amendment to the purchase order. The work may proceed upon issuance of the amended purchase order.
7. An "expedited" change order approval process may be utilized for change orders that are considered to be of an emergency nature that may affect the immediate health, safety or welfare of the college's students, faculty, staff and the general public.

For these change orders, the following emergency procedure will be followed:

- a. The Construction Manager shall inform the Director of Facilities Engineering and Operations of the emergency and recommend a corrective action who, in turn, will inform the Vice President of Planning and Administration. The College President will be notified and a Certificate of Request for Emergency Purchase will be completed. This certificate will include an estimated amount necessary to perform corrective action and the approvals of the Vice President of Finance, the Vice President of Planning and Administration and the College President.
- b. The full approval process detailed in items #6a through #6g above will be followed, for formal Board of Trustees approval at the next Board meeting.



OCEAN COUNTY COLLEGE  
CHANGE ORDER AUTHORIZATION

Immediate Authorization Required? Yes  No

Date Change Request Initiated:

To: Mr. Ken Olsen, Director of Facilities Engineering and Operations

From:

Project:

Change Summary:

Change Description:

Reason for Change:

Cost of Change:

Change Initiated By: Owner  A/E  CM  Contractor

Type of Change: Scope  A/E Error  A/E Omission  Field  Other

Schedule Impact: Yes, Critical Path Item  No, Does Not Impact Critical Path

Required Approval Deadline:

Critical Path Impact in Days:

Additional Information:

**CHANGE ORDER RECOMMENDATION**  
*By signing below, the Construction Manager and the Architect/Engineer have determined that the above cost proposal is reasonable, material and labor costs have been verified and the referenced work is not within the scope of the contract. The undersigned recommends that a Change Order be issued to the contractor for the amount referenced.*

\_\_\_\_\_  
Date: \_\_\_\_\_

Construction Manager Name: \_\_\_\_\_ Project Architect/Engineer Name: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

**FOR OCEAN COUNTY COLLEGE APPROVAL ONLY**  
*The undersigned agree with the recommendation and authorize the issuance of a formal Change Order.*

\_\_\_\_\_  
Date: \_\_\_\_\_

Ken Olsen, Director, Facilities Engineering & Operations Richard Parish, VP of Planning and Administration

\_\_\_\_\_  
Date: \_\_\_\_\_

Sara Winchester, VP of Finance Dr. Jon Larson, President

\_\_\_\_\_  
Date: \_\_\_\_\_

**Ocean County College**  
REQUEST FOR PROPOSAL  
REQUEST FOR QUALIFICATION  
PROCEDURES

Issued by Sara Winchester,  
Vice President of Finance & Administration

Approved by Dr Jon Larson, President

February 3, 2012

## **Table of Contents**

RFP or RFQ Evaluation Committee Members

General Instructions

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## **RFP or RFQ Evaluation Committee Members**

The official college evaluation committee will meet as needed to review and vote on RFP or RFQ vendor proposals and make a written recommendation to the College President. Official record of committees vote will be included in the procurement file and the President's recommendation will be included on the next Board of Trustee Business and Finance agenda for consideration.

### **Voting Members:**

Director of Accounting or designee

Requestor (Dept. Manager/Director)

Buyer Assigned

### **Optional Voting Members:**

Vice President of Finance & Administration or designee

V.P. of Requesting Department

## GENERAL INSTRUCTIONS

This procedure is to be used with regard to all services that will exceed \$17,500 in any fiscal year. All departments should use the "Guidelines for RFP or RFQ Submission" as a guide in the preparation of Requests and Proposals. Please note that it is the requestor's responsibility to allow sufficient lead time for the process to conclude in advance of the need for the service. An estimate of the lead time required can be obtained by referencing the attached flowchart.

If service requested is determined by the Purchasing Department to require formal bidding, the RFP or RFQ process does not apply.

As indicated in New Jersey County College procurement law 18A:64A-25.5, contracts (primarily professional services) may be awarded without advertisement. Reasons for foregoing competition must be submitted in writing and the justification must be approved by the area Vice President, Vice President of Finance & Administration and the President. Documentation of the approved justification will be maintained in the procurement file. If approved, the contract may be awarded as a non-fair and open contract.

# JUSTIFICATION E-MAIL

## PROFESSIONAL SERVICES CONTRACTING GUIDELINES FOR RFP OR RFQ

Departments anticipating the need to contract for professional services should send an email briefly identifying and describing the project or service needed and forward it to the Director of Accounting to determine the process to be used. If determined contract needs to be bid, these guidelines do not apply.

The Purchasing Department will respond back to initiator regarding process to be used; RFP, RFQ, or BID, within five (5) working days. Initiator must enter requisition in Datatel in order for the process to continue. Once the requisition is fully approved in Datatel, follow the attached "Guidelines for the RFP or RFQ Submission" to submit to the buyer that has been assigned to your requisition. The Purchasing Department will then work with that information to prepare the RFP/RFQ. Purchasing is responsible for issuing the final RFP/RFQ after obtaining the requisitioner's approval.

# GUIDELINES FOR RFP OR RFQ SUBMISSION

- **Cover Sheet** – Title of project or service required.
- **Introduction** – Briefly identify and describe the project or service needed.
- **Description of the project or service** – What is the purpose of the project or program? What are the components and management to be provided? Are personnel to be provided and any other information helpful in having the consultant respond to the request? Where is the work to be performed? What is the time frame for completion?
- **Type of contract** – Indicate the type of contractual arrangement you expect. (example: fixed price or time and expenses)
- **Qualifications** – Professional qualifications, management qualifications, relevant project experience, logistical capabilities, financial qualifications, and special terms and conditions.
- **Evaluation** – Explain how the proposals will be evaluated (see attached examples). The selection criteria to be used in awarding a contract for professional service shall include, but not limited to:
  1. Qualifications of the individuals who will perform the tasks and the amount of their respective participation.
  2. Experience and references.
  3. Ability to perform the task in a timely fashion, including staffing and familiarity with subject matter.
  4. Cost consideration – including but not limited to, project established budget, historical costs for similar professional services, expertise involved and comparable costs for comparable public entities.
  5. Other considerations as appropriate.
- Once finalized and approved the RFP or RFQ will be posted to college website:  
<http://purchasing.ocean.edu>
- Vendor responses will be submitted to the Purchasing Department.

### **PROCUREMENT PROCESS**

In the case of an RFP, the vendor proposals are reviewed and evaluated by the Committee using criteria established in the RFP. Further negotiation of price after receipt of proposal is permissible in the RFP process. If a recommendation to award is reached, the Committee forwards the recommendation to the President. If the President approves, it is placed on the next Board of Trustee agenda for approval.

In the case of an RFQ, the Committee may recommend more than one qualified vendor to the President. This allows the College to establish a pool of pre-qualified vendors who may be asked to submit a price on specific projects at a future time. For instance, the College may determine it is necessary to pre-qualify vendors for HVAC work. When an HVAC job comes up on campus the Purchasing Department will obtain specifications from the requesting department and obtain prices from the pre-qualified vendors. The vendor who submits the lowest price for that particular job will be awarded the contract. The next time an HVAC job comes up on campus, prices will once again be obtained from the pre-qualified vendors. This process allows the College to solicit competition from qualified vendors in a timely manner.

### **COMPLIANCE**

Compliance with this Ocean County College procedure is mandatory. Violations may be subject to disciplinary action.

## Example Evaluation of Proposals (RFQ)

### RFQ Evaluation Excludes Price

Vendor: \_\_\_\_\_

Committee Member: \_\_\_\_\_

<u>Criteria</u>	<u>Score</u>
<b>Project Understanding (Total Points – 40)</b>	
Thorough Understanding of Project / Response to all Questions (up to 10 pts.)	<input type="text"/>
Identification of Pertinent Issues and Potential Problems (up to 10 pts.)	<input type="text"/>
Understand all Deliverables (up to 10 pts.)	<input type="text"/>
Logic of Approach to Fulfilling all Requirements (up to 10 pts.)	<input type="text"/>
<b>Subtotal</b>	<input type="text"/>
<b>Experience and Qualifications (Total Points – 45)</b>	
Experience of Firm in completing Similar Tasks (up to 15 pts.)	<input type="text"/>
Resumes of Personnel Assigned/Background with Similar Projects (up to 10 pts.)	<input type="text"/>
General History of Proposer/Letters of Reference (up to 10 pts.)	<input type="text"/>
Evaluation of Proposed Subcontractors and/or Efficiency of the Internal Office Structure to Complete the Project In-house (up to 10 pts.)	<input type="text"/>
<b>Subtotal</b>	<input type="text"/>
<b>Contractual Conditions (Total Points – 15)</b>	
Submittal of Insurance and all other Required Documentation (up to 5 pts.)	<input type="text"/>
Requested Changes in Scope (unsubstantiated or unreasonable requests, 0 points. No changes, or well thought-out change requests) (up to 10 pts.)	<input type="text"/>
<b>Subtotal</b>	<input type="text"/>
<b>Cost (0 Points for this Portion of Evaluation – Do Not Complete at this Time)</b>	<input type="text"/>
<b>TOTAL SCORE</b>	<input type="text"/>

## Example Evaluation of Proposals (RFP)

### RFP Evaluation Includes Price

Vendor: \_\_\_\_\_

#### Criteria

##### Cost (Total Points - 50)

Overall cost in relation to available budget

Comparative cost of tasks in relation to other proposers

Subtotal


##### Project Understanding (Total Points - 20)

Thoroughness (up to 5 pts.)

ID Pertinent Issues and Potential Problems (up to 5 pts.)

Understand all Deliverables (up to 5 pts.)

Sequence of Approach (up to 5 pts.)

Subtotal


##### Experience (Total Points - 20)

Experience on similar projects (up to 4 pts.)

Experience with FAA/DOT regulations (up to 3 pts.)

Experience with Soil Conservation regulations (up to 3 pts.)

Ability to complete projects in a timely manner (up to 3 pts.)

Experience with preparation of bid specifications (up to 4 pts.)

Experience with Subcontractors, if any (up to 3 pts.)

Subtotal


##### Contractual Conditions (Total Points - 10)

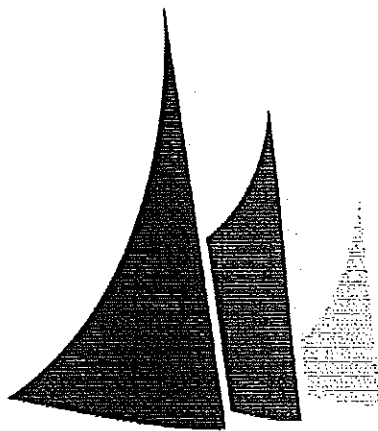
Submittal of Insurance and all other Required Documentation (up to 5 pts.)

Requested Changes in Scope

Subtotal


**TOTAL SCORE**

4c



**OCEAN**  
COUNTY COLLEGE

**OCEAN COUNTY COLLEGE  
PURCHASING MANUAL**



**OCEAN COUNTY COLLEGE PURCHASING MANUAL**  
Issued by the Office of the Vice President of Finance & Administration  
March 6, 2012

The purpose of this manual is to assist Ocean County College employees in the proper purchasing practices and to be in compliance with:

- New Jersey County College Contracts Law, Chapter 64A of Title 18A of the New Jersey Statutes.
- Pay-to-Play Law, N.J.S.A. 19:44A-20.4.
- College Policy.

This manual will assist the College in achieving three goals:

- Follow the law.
- Promote efficiency through proper purchasing.
- Achieve savings through proper purchasing practices.

**Purchasing Staff**

The Purchasing Department staff believes in the dignity of their office and strives to maintain high standards of ethics, conduct, and service. Purchasing staff are encouraged to obtain and maintain professional certifications and participate in continuing professional development for public purchasing professionals.

Public purchasing staff are required to maintain complete independence and impartiality in dealings with vendors, both in fact and appearance, in order to preserve the integrity of the competitive process and ensure there is public confidence that contracts are awarded equitably, economically, and in full compliance with Public Purchasing Law (Title 18-A). In order to avoid the possibility of the appearance of impropriety, the Purchasing staff is prohibited from accepting anything of value offered from vendors.

A listing of the Purchasing staff and their certifications is posted on the Purchasing web page at [ocean.edu](http://ocean.edu).

**Purchasing Workshops**

Purchasing Workshops will be conducted by qualified Purchasing staff on a quarterly basis. All OCC staff involved in the procurement process are encouraged to attend. The schedule of Purchasing Workshops is posted on the Purchasing web page at [ocean.edu](http://ocean.edu).

Contact the Purchasing Technician at extension 2054 for assistance or to schedule a Datatel training session.

## **General Purchasing Requirements**

Under \$500	Purchase Requisition or Memo Invoice (see below for specifics).
\$500 - \$6,519	Quotes.
\$6,520 - \$17,499	Formal written quotes.
\$17,500 - \$32,599	Pay to Play Paperwork and Board approval.
Over \$32,600	Public bid and Board approval.

## **Memo Invoice**

A Memo Invoice may be used for selected items. These include:

1. Memberships (i.e. professional associations).
2. Subscriptions (i.e. professional journals).
3. Registrations (i.e. seminars, workshops).
4. Reimbursements to employees not appropriate for Monthly Expense Vouchers or Travel Reimbursement Vouchers.
5. Honorariums.

The Memo Invoice is to be used for a non-repetitive purchase to a single supplier for a dollar amount not to exceed \$500. A Memo Invoice should not be used for such items as: furniture, equipment, blanket purchase agreements, leases, maintenance, computer items, or software. Memo Invoices are not a means to circumvent the use of a regular Purchase Requisition by dividing a standard purchase into a series of smaller transactions, which is prohibited by law.

6. Advertising & Printing is handled through College Relations only. In most cases, advertising and printing are not exempt from the bidding or RFP process and College Relations should work closely with the Buyers to ensure compliance with procedures.
7. Library Standing Orders are handled through Library Services only.
8. Routine office supplies should be ordered on-line through the college approved contract. Office supplies not available on the college approved site should be ordered on a requisition. Some supplies are available through Office Services; a listing can be found on the Office Services web page (link below).

[http://www.ocean.edu/campus/physical\\_plant/office\\_services.htm](http://www.ocean.edu/campus/physical_plant/office_services.htm)

## **Compliance**

Ocean County College procurement is subject to New Jersey Statutes noted above. Commitments made without an **approved** purchase order are unauthorized and may be deemed the personal liability of the requestor. An employee who orders or receives any materials, supplies, or services without first going through the approved purchase order process has made an unauthorized purchase.

## Penalties

An employee who makes an unauthorized purchase is subject to the progressive discipline process detailed in the applicable collective bargaining agreement or employee handbook. The Vice President of Finance & Administration will notify the appropriate area Vice President of any unauthorized purchases. The area Vice President will direct the immediate supervisor to investigate the issue. In all cases, the Vice President of the initiator of the unauthorized purchase is required to document the results of the investigation and provide a written report to the Vice President of Finance. The following penalties may be assigned for unauthorized purchases:

First Offense	Verbal Warning & Mandatory Attendance at a Purchasing Workshop
Second Offense	Written Warning Placed in Personnel File
Third Offense	Suspension
Fourth Offense	Termination

## Purchase Requisitions

The Datatel online requisition process must be used for all required goods and services. Authorized approvals are required in the system **before** the order is placed. Once a requisition has been assigned a requisition number by the system, the status may be reviewed by using RINQ. After a Purchase Order (PO) is issued, it may be viewed by using PINQ or BINQ for Blankets. All employees who have the ability to enter or approve requisitions in Datatel may access the look up (\_INQ) screens in Datatel.

Generally, orders that total less than \$100 will not be processed. Requisitioners should combine small orders when practical to reduce administrative costs. Orders below \$100 will be processed for emergencies or unique situations.

The requisition must contain all accurate information including correct account number, suggested supplier (if available), complete description of items to be purchased, quantity of each, estimated cost, required delivery date, special delivery instructions, and, in printed comments, the end user for the item. The description entered in Datatel must be specific enough for other employees, auditors, vendors, and Board of Trustee members to understand what is being ordered. Vague descriptions, item numbers without descriptions, or requests for additional funds will not be accepted. Any additional supporting documents should be scanned and emailed to [purchasing@ocean.edu](mailto:purchasing@ocean.edu), referencing the requisition number in the subject line of the email.

If computer related, the requisition must include a detailed description, its intended location (building/room number), and any intended use with existing items. Information should be provided in the printed comments section of the requisition.

To cancel/delete an online requisition, email the Purchasing Technician at [purchasing@ocean.edu](mailto:purchasing@ocean.edu).

### **On-line Requisition Approvals**

Each approver in the following on-line requisition process is responsible for determining that budget funds are available and that the purchase is necessary and reasonable.

- A. Standard Requisitions: Initiator to Budget Manager, to Vice President, to Director of Accounting, to Purchasing Technician where the requisition will be assigned to a Purchasing Buyer.
- B. Computer-related Requisitions (Non-capital): Initiator to Budget Manager, to Vice President, to IT, to Purchasing Technician.
- C. Computer Requisitions: Initiator to Capital Accounting, to Budget Manager, to Vice President, to IT.
- D. Capital Requisitions: Initiator to Capital Accounting, to Budget Manager, to Vice President, to Purchasing Technician.
- E. Restricted / Grants (Non-computer) – Initiator to Grant Approver, to Budget Manager, to Vice President, to Grants Accounting.
- F. Computer Requisitions for Restricted / Grants – Initiator to Grant Approver, to Budget Manager, to Grants Accounting, to IT.

### **Vendor Requirements**

All vendors who do business with Ocean County College are required to submit proof of New Jersey Business Registration, W9 information, proof of insurance, if applicable, and other applicable documents prior to issuance of a PO. The Purchasing Department is required to ensure all required paperwork has been submitted prior to the issuance of a PO. The paperwork process for a vendor who has not done business with the College in the past can be time consuming; all new vendors will be required to complete an Information form as well as submit the other forms previously referenced. Requestors must allow sufficient lead time for this process to be completed when entering requisitions.

### **Sole Source Requests**

Departments may request goods or services on a "sole source" basis. This may be justifiable when equipment or service is so unique that competitive sources are not available, there is a need to match existing equipment, or competitive specifications cannot be developed because the scope of work is too highly specialized.

The user department must provide documentation in writing to the Purchasing Department referencing the Purchase Requisition. The letter requires original signatures of the Budget Manager and the area Vice President, and must include the necessary documentation showing the vendor is, in fact, a "sole source" provider of the goods and/or services that are being requested. This proof should be as defined by New Jersey Statute 18A:64A-25.5(3).

All "sole source" requests may be forwarded to legal counsel for review and opinion, as required.

### **Quote Process**

The requestor must enter estimated prices on the requisition in order to start the procurement process. The price entered by the requestor should be an estimate or best guess obtained from past experience, catalogs, or budgetary constraints. The Purchasing Department is responsible for obtaining official pricing. The requestor may suggest specific vendors to be solicited for pricing; complete contact information must be provided for any suggested vendors (name, address, phone, email, etc.) The Purchasing Department will make every effort to ensure that the solicitation process is as open and inclusive as possible.

### **Purchase Requisitions that Total from \$500 to \$6,519**

The Buyer will solicit quotes and place orders depending on the competitive nature of the goods or services and the needs of the user department. Formal quotes are not required but the Purchasing Department will use prudent practices and judgment to ensure that quality is adequate and price is low.

### **Formal Quotation Procedures for Requisitions that Total from \$6,520 to \$17,499**

All purchases between \$6,520 and \$17,499 require that written quotations be solicited. Written quotes are obtained by the Purchasing Department. The requestor may suggest specific vendors to be solicited for pricing, but requestors are not responsible for obtaining pricing.

### **State Contracts**

The State has bid for various goods and services; therefore, the College is not required to bid when procuring the identical goods and services. The Purchasing Department will determine when the use of State Contracts is allowable.

### **Cooperative Purchasing**

The College may enter into agreements with various agencies to procure goods and services in high volume in order to reduce cost to all participants. The use of Cooperative Purchasing within the parameters of the law is encouraged.

### **Emergency Contracts**

An actual emergency must exist that cannot be remedied through the normal procurement process. An emergency is a situation affecting health and safety that requires the immediate delivery of goods or services to alleviate the emergency. An emergency is not to be created as a result of inadequate planning, delay, failure to take into account variables, or administrative convenience.

In order to procure goods/services in an emergency, a declaration of emergency must be signed by the area Vice President, the Vice President of Finance & Administration, and the President. The emergency will be confirmed at the next Board of Trustees meeting.

### **Pay to Play**

In accord with N.J.S.A. 19:44A (commonly known as the New Jersey Pay-To-Play Law), all vendors who contract with the College for \$17,500 or more, and who receive the contract in ways other than fair and open (i.e. no bid or RFP), are required to submit a number of documents before the College can place an order with that vendor. The College is barred by law from doing business with companies that do not comply. The Pay-to-Play threshold applies to aggregate payments to individual vendors over the course of a fiscal year. In other words, three orders for \$6,000 each in one fiscal year will trigger the Pay-to-Play requirements.

The New Jersey Pay-To-Play requirements are met when the College complies with the formal bid procedure, regardless of the dollar amount of the purchase.

### **Formal Bid Procedure**

If a purchase request exceeds the bid threshold of \$32,600 in aggregation, the item(s) must be competitively bid by the Purchasing Department. Splitting the order to circumvent the bid process is illegal and is not permitted. Exceptions to the bidding process are enumerated in N.J.S.A. 18A:64A-25.3 and 18A:64A-25.5. The Purchasing Department, in consultation with the College Attorney, determines if purchases are exempt from bidding and, if so, how those services will be procured.

The bid process includes many steps and requestors must allow sufficient lead time for this process to be completed when entering requisitions (see attached flow chart).

### **The Bid Process**

The bid process begins with a requisition and specifications that must be submitted to the Purchasing Department in a timely manner. Specifications must be provided by the user department and must, in detail, describe the goods and/or services requested. Specifications must be written as openly as possible to avoid the exclusion of potential bidders. The nature of certain goods and services may make it difficult to formulate specifications. In such cases, the user department may specify a brand name, model number, or item catalog number. The requestor should include "or equal" as part of item specifications. Any alternates offered by the low bidder as "equal" will be reviewed for acceptability by the Purchasing Department in consultation with the requestor. If alternates are not acceptable, the requisitioner must give written justification for each alternate rejected. This justification will be retained in the bid files and will be open to the public for review.

The Purchasing Department Buyer is responsible for advertising the bid and posting to the purchasing page on the College web site. An invitation to bid will also be sent directly to a list of potential suppliers prepared by the Purchasing staff. User departments may also recommend suppliers. Pre-bid conferences or site inspections

may be conducted when the complexity of the specification warrants additional clarification to the suppliers.

The bid opening is held on the pre-determined date and the results are read in public. The bid results are reviewed by Purchasing and written recommendations for award to the lowest qualified responsible bidder are made in consultation with the requestor. The Buyer prepares the paperwork and the Item is placed on the next agenda for Board of Trustees approval. The award may be subject to delay in the event that a legal opinion or formal hearing is required.

### **Blanket Purchase Orders**

Blanket Orders may be established when there is a recurring need for materials or services over the fiscal year period. A requisition for a blanket order should be submitted to the Purchasing Department with a suggested supplier, amount, description of products needed, and individuals authorized to release orders against the blanket. The Purchasing Department will determine if bid, quote, or RFP is necessary before processing the blanket order.

Blanket Orders are subject to the quote, bid, and Pay-to-Play thresholds established in this document. The maximum dollar amount to be expended under the Blanket Order is established by the requisition. The amount requested should be determined after analysis of prior year expenditures as well as anticipated need. A new requisition must be entered mid-year if the amount to be expended is expected to exceed the amount of the Blanket Order. It is a violation of County College procurement law to continue to accept goods and services from a vendor under a Blanket Order that has been fully expended. If this occurs, the violation will be reported to the appropriate Vice President.

### **Change Orders and Amendments**

A Purchase Order is a contract between Ocean County College and a supplier. When changes are made that may affect the contract, a change order and/or an amendment requisition is required. The change order process is documented in the Change Order Procedure dated 09/22/2010 and posted on the Purchasing website (link below).

<http://purchasing.ocean.edu/forms/vendforms/SOP%20CONSTRUCTION%20CHANGE%20ORDERS%20.pdf>

The department that processed the original requisition initiates an amendment requisition. The original Purchase Order number (of the order being changed) must be included.

#### **An Amendment Requisition Should be used:**

1. To add an item to a Purchase Order.
2. To increase quantity to a Purchase Order.
3. To increase the dollar amount of the Purchase Order.

The request to amend an existing Purchase Order may trigger the need for a new bid process in order to remain compliant with the law.

### **Requests for Proposals or Request for Qualifications**

The RFP and RFQ process is documented in Request for Proposal, Request for Qualification Procedures dated 02/03/2012 and posted on the Purchasing web site. The Purchasing Department will assist requisitioners in determining if the RFP or RFQ process is an appropriate procurement method on a case-by-case basis.

### **Issuance of a Purchase Order**

The Purchasing Department will issue a Purchase Order upon completion of the procurement process. The PO is considered completed after it is signed by the Vice President of Finance & Administration. Purchasing will forward the original white copy of the order to the supplier with College terms and conditions; a yellow copy to the Purchasing file; a pink copy to Accounting; a green (receiving) copy to the department. Upon receipt of materials, the department signs the green copy and forwards it, with the original invoice, to Accounts Payable for payment. It is not necessary to maintain a hard copy of the Purchase Order in the department. Once a PO exists in Datatel and it is available for view and reporting purposes at all times. Once issued, the PO cannot be changed in Datatel.

### **Cancellation or Poor Vendor Performance**

When there is a need to cancel an order because the goods or services are no longer needed, e-mail the Buyer in the Purchasing Department as soon as possible. A Purchase Order is a binding contract and employees are not authorized to cancel Purchase Orders.

In the event the user department has found a vendor's performance to be unsatisfactory, the department must document the negative experience and contact the Buyer. The Buyer will attempt to resolve the issue with the vendor and, if necessary, legal action will be pursued. A Purchase Order is a binding contract and only the Purchasing Department may take action when a vendor has not met College standards. Employees are not authorized to cancel Purchase Orders or use alternate vendors for the same work.