

STATE OF OHIO



DEPARTMENT OF REHABILITATION
AND CORRECTION

SUBJECT: Purchased Services Contracting	PAGE <u> 1 </u> OF <u> 5 </u>
	NUMBER: 22-BUS-14
RULE/CODE REFERENCE:	SUPERSEDES: 22-BUS-14 dated 01/21/11
RELATED ACA STANDARDS: 4-4039	EFFECTIVE DATE: January 21, 2013
	APPROVED: 

I. AUTHORITY

This policy is issued in compliance with Ohio Revised Code 5120.01 which delegates to the Director of the Department of Rehabilitation and Correction the authority to manage and direct the total operations of the Department and to establish such rules and regulations as the Director prescribes.

II. PURPOSE

The purpose of this policy is to establish responsibility, procedures and documentation for purchase service contracts.

III. APPLICABILITY

This policy applies to all executive staff and Managing Officers employed by the Department of Rehabilitation and Correction when initiating all contracts (including personal, professional, and consultant services) except for the following: (1) purchasing contracts, (2) real property acquisition, and (3) lease agreements.

IV. DEFINITIONS

Competitive Contracting - Those services that are amenable to bidding and subject to uniform and objective impersonal criteria to ensure the proper evaluation of bids. Examples of competitive services may include medical services, mental health services, alcohol and other drug-related services.

Independent Contractors - Individuals or firms that (1) are engaged to perform specific services for a stated fee or contracted amount, (2) provide services to the public, and (3) are subject to Department control only as to the end results, and not the methods of obtaining them.

Non-competitive Contracting - Those services that involve highly skilled judgment or training, artistic ability, or other attributes and whose quality depends on an individual's expertise and knowledge. Examples of non-competitive services may include expert witnesses, and short-term physician, dentist, psychologist services.

Sole Source - An individual or firm that is the only manufacturer or provider of a commodity or service.

V. POLICY

It is the policy of the Ohio Department of Rehabilitation and Correction (DRC) that contracts shall be solicited on a competitive basis whenever possible. Prior to the issuance of a contract, it must be determined that the services are necessary and cannot be satisfactorily and economically performed or rendered by internal agency sources. Contracts shall only be entered into with independent contractors. Contracts with current Department employees are prohibited.

VI. PROCEDURES**A. Responsibility**

In accordance with the Ohio Revised Code, Section 5120.09, the Director has designated the Division of Business Administration with the responsibility of establishing guidelines for the preparation and implementation of Personal Service Contracts.

B. Limits

The Department of Rehabilitation and Correction will abide by the Ohio Revised Code on expenditure limitations as follows:

1. An agency may purchase all services that cost \$50,000 or less directly from a vendor using applicable State Purchasing guidelines.
2. All purchases of services in excess of \$50,000 must be forwarded to the Department of Administrative Services, Office of State Purchasing or Division of Computer Services for determination of procurement method. The Office of State Purchasing may:
 - a. Issue a Competitive Sealed Bid (CSB);
 - b. Issue a Request for Proposal (RFP);
 - c. Grant a "Release and Permit" to authorize the procurement under the direct spending authority of the agency and/or seek Controlling Board approval to contract for vendor services.
3. DRC shall not make a purchase for services over \$50,000 without the prior approval of the Controlling Board and/or without bid on the agency's behalf by the Department of Administrative Services, Office of State Purchasing or Division of Computer Services.

C. An independent contract may be used in the following circumstances:

1. When it is not feasible to recruit Civil Service staff to provide the service;
2. A special service is required that cannot be provided by a Civil Service position;
3. There is a short term or one time need that will not continue longer than a six months period;
4. Other circumstances as designated by the Director.

D. Competitive Contracting

Competitive contracting methods must be used unless justification exists for non-competitive services. Competitive contracting requires a written proposal solicitation. After the vendor has been selected, a standard contract form shall be prepared.

1. Soliciting Proposals.

When soliciting formal, written proposals from potential vendors, a Request for Proposal (RFP) shall be prepared by the requesting department in collaboration with Contract Administration and shall contain a description of the technical requirements for the service to be procured. The proposal shall not contain specifications that restrict competition. The RFP shall include, but not be limited to, the following information:

- a. The date and place to deliver proposals;
 - b. The time, if appropriate, those proposals will be opened;
 - c. A statement that the Department reserves the right to reject any and all proposals and/or to clarify information with any or all potential vendors after proposals are received;
 - d. The Department's standard terms and conditions;
 - e. A statement indicating the evaluation criteria to be used in the proposal evaluations.
2. The RFP shall be sent to all potential vendors. A record must be maintained of the vendors sent an RFP.
 3. The opening of such proposals is a matter of public record. The names of the offerors are recorded, but otherwise the contents of the proposals are not disclosed. In order to ensure a fair and impartial evaluation, proposals are not available for public inspection until after the award of the contract
 4. Appropriate department personnel shall evaluate the proposal(s) and conduct verbal clarification if needed. The contract shall be awarded to the lowest responsive and responsible proposal meeting all bid specifications listed in the request for proposal.
 5. After selection, an appropriate contract is prepared by the initiator of the contract.

E. Non-Competitive Contracting

The Division of Business Administration - Contract Administration shall be contacted if there are questions regarding whether services can be competitively contracted. The initiator of the contract may be required to justify sole source contracts before they are approved. If the Department's standard contract form is not used, the contract must be reviewed for compliance with legal and fiscal policies. Non-competitive contracting with a single vendor is permitted under the following conditions:

1. The required service is available from only one person or firm;
2. The contract is with another governmental unit or State agency;
3. Urgent immediate need prevents competitive contracting methods.

F. Drafting Contracts

After selecting the vendor, the requesting department shall draft the standard contract in collaboration with Contract Administration and route for funding verification and approval signatures. All contracts must then be submitted to the Division of Business Administration - Contract Administration, for processing and final approval prior to executing any contract. Standard contract, Service Contract (DRC1271), and Contract Amendment (DRC1511) forms are available through the Department's Electronic Forms Catalog.

1. Contracts shall not be executed to exceed the current biennium; however, longer-term contracts may be executed when substantial savings can result or when a special project requires continuing a particular contractor's services for a longer term. Contracts that exceed the current biennium must clearly state in their terms and conditions that future renewals are subject to funds being available, being affirmatively renewed in each biennium and have state purchasing and/or Controlling Board approval.
2. Contracts that provide for reimbursement for travel, meals, or lodging will be paid in accordance with the Office of Budget and Management travel policy.

G. Reviewing Contracts

The Division of Business Administration - Contract Administration shall prepare a contract review form for each contract that requires fiscal, Deputy Director or program administrator and legal review and approval. If approved, the contract will be forwarded to the Deputy Director of Administration or designee for review and approval. Contracts will be reviewed in accordance with Department policy and procedures and the following considerations:

1. Compliance with all Department legal and fiscal policies;
2. Fairness of proposed rates of compensation;
3. Determination of whether services could be more satisfactorily and economically acquired by creating a civil service position.

H. Executing Contracts

Contracts will be approved (signed) by the Director or person(s) designated by the Director. After approval, the contract will be returned to the Division of Business Administration for final processing. The contract will be returned to the originator for dissemination and execution.

I. Contract Payments

The administrative unit that receives services from a contract executed under these provisions must adequately review the services being rendered and maintain adequate records of these services. After determining that services have been satisfactorily performed, the authorized department employee will approve the contractor's invoice and forward a request for payment through the business office. Final payment will not be authorized until the contractor has fulfilled his or her contractual obligations.

A request for payment shall be made by submitting the contractor's invoice(s). The following information shall be included on the invoice:

1. Agency Name;
2. Agency Billing Address;
3. Contractor Name;
4. Contractor Address;
5. Unique Invoice Number;
6. The dates of service;
7. Itemization of the services provided including cost;
8. Clear statement of total payment expected.

Related Department Forms:

Service Contract	DRC1271
Contract Amendment	DRC1511