

# IT Procurement & Ethics

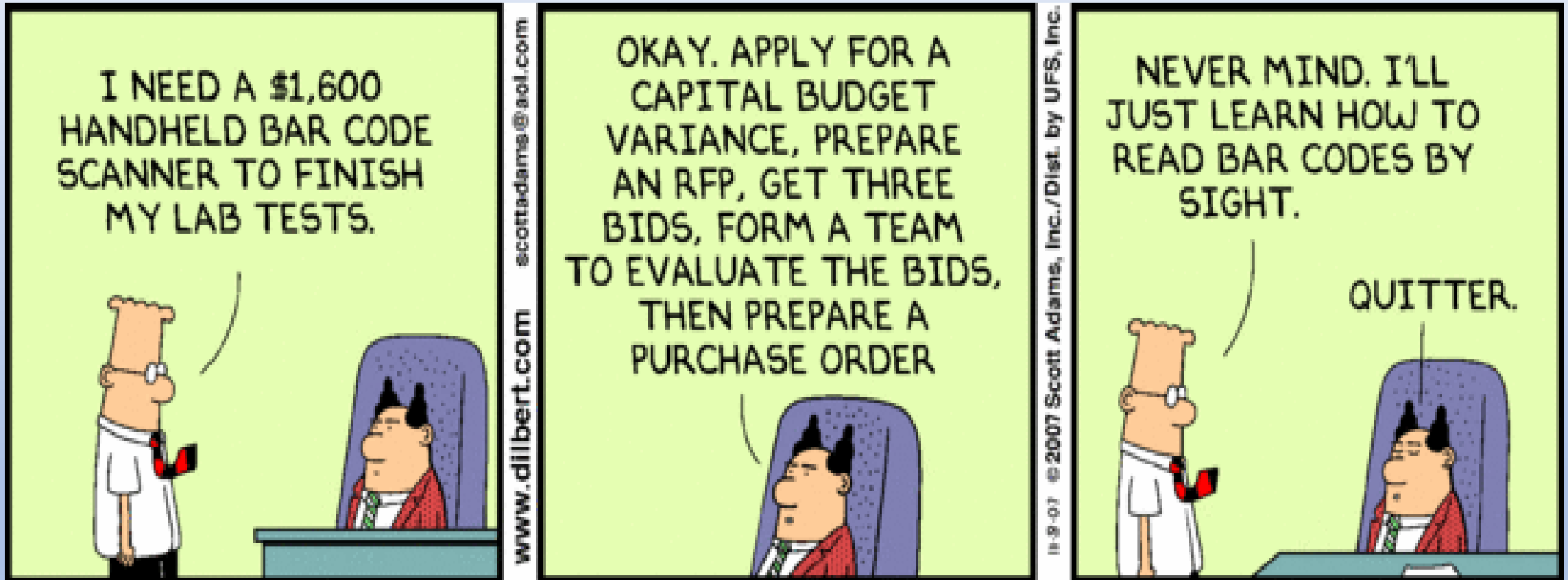
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# ➤ Technology Procurement Process

## ➤ Best Practices

## ➤ Ethics

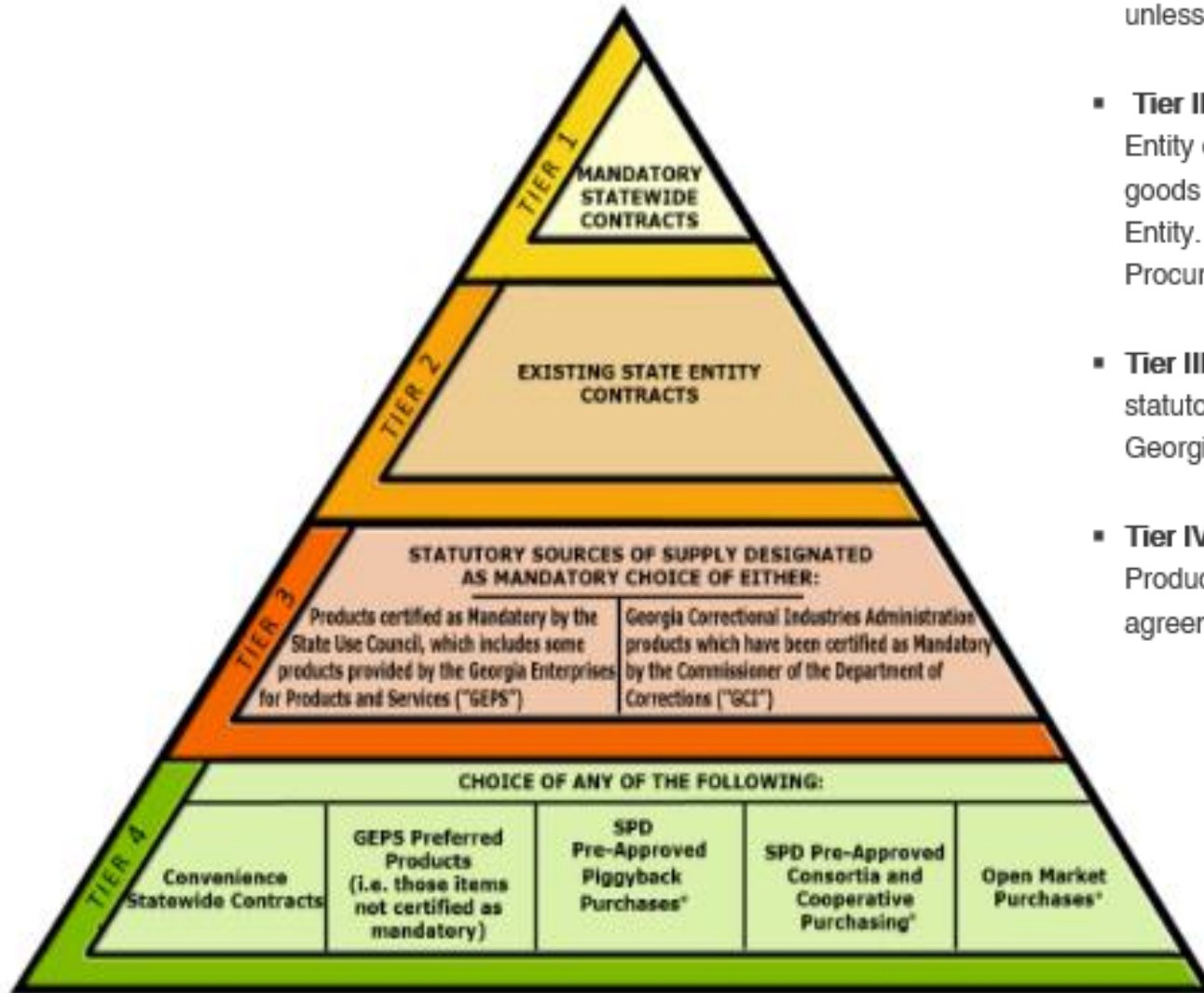
# Technology Procurement Process



# Procurement Rules



# Order of Precedence



- **Tier I:** Mandatory Statewide Contracts – State Entities must use these contracts unless SPD has granted a waiver.
- **Tier II:** Existing Agency Contracts – These are contracts negotiated by the State Entity or by SPD on behalf of a State Entity. Procurement personnel must purchase goods and services that are available on existing contracts established by their State Entity. Any deviations must be documented and approved by the Agency/University Procurement Officer.
- **Tier III:** Statutory Sources Designated as Mandatory – There are two mandatory statutory sources – Georgia Enterprises for Products and Services (GEPS) and Georgia Correctional Industries (GCI).
- **Tier IV:** Other Sources – Consists of Convenience Statewide Contracts, Preferred Products, SPD approved piggyback, consortia, or cooperative purchasing agreements, and open market sources.

# Procurement Basics

Less than \$25K (Best practice to get three quotes) Must purchase through mandatory source if available

\$10,001 - \$24,999 requires two quotes or sole source justification (Federal Grant Money Only)

\$25K or greater requires a solicitation unless there is an exemption

Exemptions can be located at:

<http://doas.ga.gov/assets/State%20Purchasing/NEADocumentLibrary/NIGPExemptList.pdf>

Select Exemptions	956	LIBRARY AND SUBSCRIPTION SERVICES (INCLUDES RESEARCH SERVICES, INTERNET AND PERIODICAL SUBSCRIPTIONS)
X	95635	Internet Database Subscription

# Types of Solicitations

Request for Quotes - Normally for non-complex goods

Request for Proposals (RFP) - Services and complex goods

Sole-Source - Used when only one source is available, significant cost to change, or unique knowledge

# Request For Quotes (RFQ)

- The institution prescribes both the specifications and solution to its own needs.
- Institutions should use a Request for Quotations if the project lends itself to the creation of clear and accurate specifications and the objective of the solicitation is to identify a supplier who can provide the required specifications at the lowest possible cost.



# Request for Proposals (RFP)

- A ***Request for Proposals*** (RFP) is a formal solicitation method that seeks to leverage the creativity and knowledge of business organizations in order to provide a solution to a unique procurement.
- The state entity should use an RFP if the end user wishes to evaluate the experience of the supplier and the quality of the supplier response to either a clear and accurate statement of work or to identify a supplier who can offer the best possible solution to the state entity's identified needs.
- **Delegated Purchasing Authority is \$1 million**

# Sole-Source

- For purchases with a value of \$25,000 or more, sole source purchases are prohibited unless the state entity establishes justification for why the needed goods or services should not be procured through open competition.

Table 2.5 <b>Sole Source</b> Purchase Justifications	
Exclusive or Unique Capabilities	<ul style="list-style-type: none"><li>• Example 1: Only one supplier can satisfy the technical requirements because of unique technical competence or expertise. <b>NOTE: The procurement professional must ensure the technical requirements are valid and verifiable.</b></li><li>• Example 2: Only one supplier possesses patents or exclusive rights to manufacture or to furnish the item or service.</li></ul>
Excessive Cost	<ul style="list-style-type: none"><li>• Example 3: Only one supplier can furnish the services because of the supplier's previous state entity experience and having an alternative <b>source</b> duplicating these capabilities would result in excessive costs to the state entity. NOTE: Excessive costs must be quantified.</li><li>• Example 4: The item does not satisfy any of the justifications noted above, but the use of any other manufacturer's good or equipment would result in excessive costs to the state entity. <b>NOTE: Excessive costs must be quantified.</b></li></ul>

# IT Projects

- **Gallup Business Journal-**

Only 2.5% of the companies successfully complete 100% of their projects.

The failure rates of projects over \$1M is 50% higher than the failure rate of projects below \$350K.

- **IBM-**

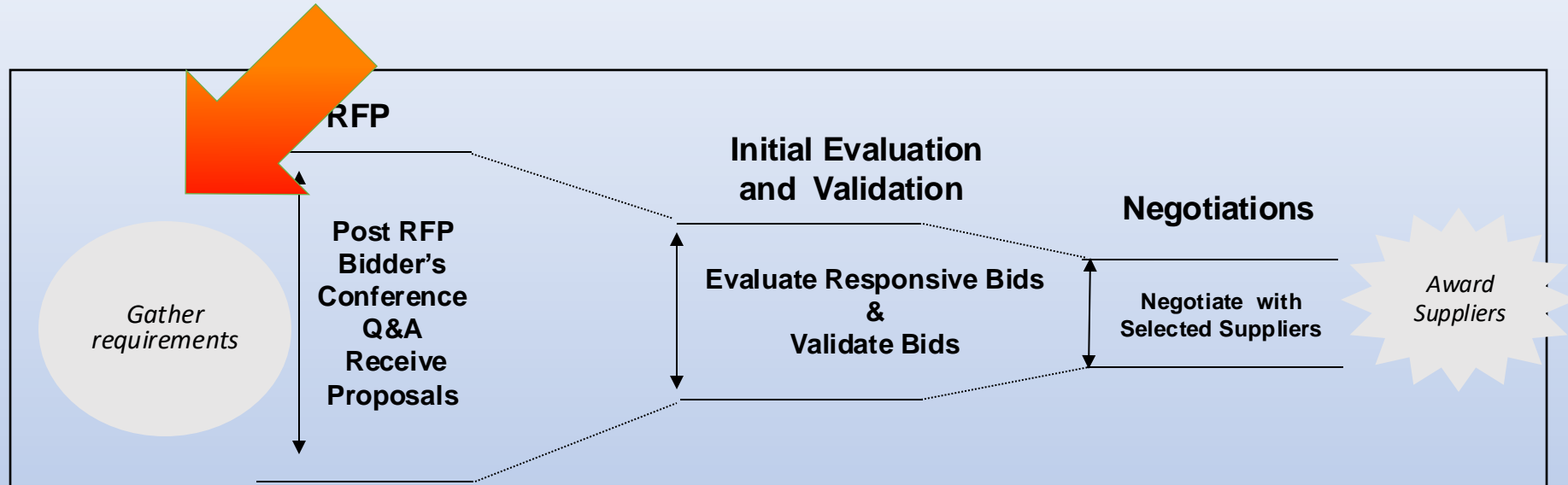
Only 40% of projects meet schedule, budget and quality goals.

- **Portland Business Journal-**

Between 65% and 80% of IT projects fail to meet objectives.

- One study actually stated: “Bad communication is the cause of IT project failures in 57% of the cases.”

# Solicitation Best Practices



- Planning & Preparation are key to a successful RFP and contract execution.
- What we do in the development impacts contract management.

# Solicitation Best Practices

- Involve Procurement in the process as soon as possible.
- Start planning and development for complex solicitation 12 months out.
- Invite all stakeholders to assist in the development (*Include those with boots on the ground*).
- Research Georgia Procurement Registry (GPR), don't assume the solicitation is correct and duplicate (Check Accuracy).
- If software requires implementation, consider posting as an RFP.
  - a) Evaluate Time Lines and Bench Marks
  - b) Company Experience
  - c) References (Past performance is a strong predictor of future performance)
  - d) Support and Customer Services

# Solicitation Best Practices

- Contract Kickoff Meetings
- Periodic Progress Meeting for Implementation
- Inform Contract Administrator when problems occur  
*(Don't wait until the problem becomes bigger)*
- Consider having the supplier provide an implementation checklist or punch-out to track progress  
*(Don't pay until the punch-out is complete)*



## P-Card Purchases



The State of Georgia Purchasing Card (P-Card) program streamlines payments for goods and services for State business use by eliminating the administrative burdens and costs associated with traditional methods of payment. Per the State Accounting Office, the P-Card may be used as the method of payment for unplanned, non-routine, or urgent point of sale purchases under \$1,000 and for purchases under \$5,000 that are preapproved and go through the requisition process prior to completing the purchase. Point of sale transactions include purchases made at a physical store, in person, online, or over the phone. This policy can be found on the State Accounting Office website at

[www.sao.georgia.gov](http://www.sao.georgia.gov)

# Immigration & Tax Compliance

## **3.5.1.2. Tax Compliance**

Prior to awarding any contract exceeding \$100,000.00, the state entity must verify through the [Department of Revenue \(DOR\)](#) that the selected supplier (including any of the supplier's affiliates) is not a prohibited source as defined by [\(O.C.G.A.\) Section 50-5-82](#).

Tax Compliance must be verified upon each renewal.

## **3.5.1.3. Immigration and Security Compliance – Service Contracts**

Suppliers and state entities shall comply with the requirements of [\(O.C.G.A.\) §13-10-90 et seq.](#) [Additional information regarding Immigration and Security Compliance can be found on the Georgia Department of Audits and Accounts website.](#)

At the time of renewal, the contract administrator must also request any updated documents which may be necessary to support the new contract term, including, but not limited to:

- [Department of Audits and Accounts Immigration and Security Form](#) (as applicable)
- Insurance Certificate (as applicable)
- Performance Bond (as applicable)
- Payment Bond (as applicable)
- Letter of Credit (as applicable)
- Any other document required by contract or the State Entity's policy





**When you're facing a choice that has ethical implications, you may be unsure of how to make a decision.**

**I recommend you reconsider a decision if you are:**



- **Wondering if it's legal.** If you find yourself scrambling to find out whether the action you're contemplating is legal, chances are that it isn't ethical.
- **Trying to keep it secret.** If you are concerned about what will happen if your decision becomes widely known, reconsider the choice you're making.
- **Making Rationalizations.** Phrases such as "They owe me" or "No one will ever know" are usually signs that you are trying to rationalize something you know isn't right.
- **Feeling in your gut that it's wrong.** Listen to what your inner voice is telling you.

*Doing the right thing may not always be easy, but it is always right!*

Press Releases Carr Announces Indictment Against Former Employee and Spouse for Stealing More Than \$200K in Taxpayer Money

# Carr Announces Indictment Against Former DJJ Employee and Spouse for Stealing More Than \$200K in Taxpayer Money

June 25, 2018

ATLANTA, GA – Attorney General Chris Carr today announced charges against a former Department of Juvenile Justice employee and her spouse in a scheme that swindled more than \$200,000 dollars from the pockets of taxpayers.

"Officials serve in positions that affect the lives of our citizens of our state," said Attorney General Chris Carr. "It is imperative that state employees discharge those duties and if they do not, we will hold them accountable."

## Ex-DeKalb worker files whistleblower suit related to bid rigging

ATLANTA-NEWS

fitchell - The Atlanta Journal-Constitution



## Lax oversight allowed high-paid Georgia Tech officials to misuse tax money

ATLANTA-NEWS

By Johnny Edwards and Ty Tagami - The Atlanta Journal-Constitution



## Ex-city purchasing director to be charged in Atlanta bribery probe

## Former Reed aide charged with bribery in corruption probe

## Atlanta City Hall: Former Reed aide charged with bribery

ATLANTA-NEWS

By Dan Klepal, Stephen Deere and J. Scott Trubey - The Atlanta Journal-Constitution

Senior staffer of former Mayor Reed charged in city hall bribery investigation



Former high-ranking official facing charge in Atlanta City Hall bribery investigation

**CRIMINAL CHARGE**

Adam Smith

Bribery Investigation

BREAKING NEWS

# News Clip

<https://www.youtube.com/watch?v=l1bJ3W74l0g>

#### **8.2.18.4 Gratuities**

A University System of Georgia (USG) employee shall not directly or indirectly solicit, receive, accept, or agree to receive a thing of value by inducing the reasonable belief that the giving of the thing will influence his or her performance or failure to perform any official action. The acceptance of a benefit, reward, or consideration, where the purpose of the gift is to influence an employee in the performance of his or her official functions, is a felony under O.C.G.A. § 16-10-2.

A USG employee, or any other person on his or her behalf, is prohibited from knowingly accepting, directly or indirectly, a gift from any vendor or lobbyist as those terms are defined in Georgia statutes (O.C.G.A. §§ 21-5-70(6) and 45-1-6(a)(5)). If a gift has been accepted, it must be either returned to the donor or transferred to a charitable organization.

# O.C.G.A. 45-1-6 Gifts to employees by vendors; disclosure; reports

a) As used in this chapter, the term:

(1) "Commission" means the Georgia Government Transparency and Campaign Finance Commission created under Code Section 21-5-4.

(2) "Gift" means a gratuity, subscription, membership, trip, meal, loan, extension of credit, forgiveness of debt, advance or deposit of money, or anything of value.

Any vendor who, **either directly or through another person, makes a gift or gifts to one or more public employees exceeding in the aggregate \$250.00 in value during any calendar year** shall file a disclosure report with the commission in the form specified by the commission listing the amount and date of receipt, the name and mailing address of any vendor making the gift, and the name, address, and position of each public employee receiving such a gift.

## 8.2.20.5 Code of Conduct

We will:

- Act as good stewards of the resources and information entrusted to our care.
- Report wrongdoing to the proper authorities; refrain from retaliating against those who do report violations; and cooperate fully with authorized investigations.
- Disclose and avoid improper conflicts of interest.
- Refrain from accepting any gift or thing of value in those instances prohibited by law or Board of Regents policy.

*\* Procurement staff should never take gifts, go to lunch or do things that give the appearance of wrong doing.*

## **Questions:**

**USG employees can attend conferences, meetings and demonstrations related to official or professional duties but must first obtain approval in writing from the Chancellor or designee if an outside party is covering expenses associated with the trip.**



## ***True***

The [USG Gratuities Policy](#) permits vendors and lobbyist to pay for the actual and reasonable expenses for food, beverages, travel, lodging and registration provided to permit participation in a meeting, demonstration, or training related to official or professional duties *so long as participation has been approved in writing by the Chancellor or his/her designee*. The Executive Vice Chancellor for Administration and the Vice Chancellor for Organizational Effectiveness are both designated approvers for USO employees. For additional information, please reference the [USG Gratuities Policy](#).

## Questions:

**Which of the following statements are true?**

- A. USG employees have an affirmative duty to report wrongdoing and unethical practices in a timely manner.**
- B. USG policy prohibits retaliation against those who report wrongdoing or assist with authorized investigations.**
- C. It is the policy of the USG to refer all criminal acts to law enforcement for investigation.**
- D. It is preferred that employees report wrongdoing to their immediate supervisors; however, other reporting avenues are available to include the HR, Legal and Audit Departments; wrongdoing can also be reported confidentially on the Ethics & Compliance Reporting Hotline.**
- E. All of the Above**

**Correct Answer: E. All of the above.** USG employees do have an affirmative duty to report wrongdoing and unethical practices in a timely manner and must also refrain from retaliating against those who do. The USG also refers all criminal acts to law enforcement and maintains an Ethics hotline as an additional way to report wrongdoing. For additional information, please see [USG Policy - Reporting Wrongdoing](#).

## 8.2.18.2. Conflicts of Interest and Conflicts of Commitment

Each University System of Georgia (USG) employee shall make every reasonable effort to avoid actual or apparent conflicts of interests and also the appearance of a conflict of interest. An appearance of a conflict exists when a reasonable person would conclude from the circumstances that the employee's ability to protect the public interest, or perform public duties, is compromised by a personal, financial, or business interest. **An appearance of conflict can exist even in the absence of a legal conflict of interest.** USG employees are referred to State Conflict of Interest Statutes O.C.G.A. § 45-10-20 through § 45-10-70 and institutional policies governing professional and outside activities.

## References:

### Georgia Procurement Manual

[http://pur.doas.ga.gov/gpm/MyWebHelp/GPM\\_Main\\_File.htm](http://pur.doas.ga.gov/gpm/MyWebHelp/GPM_Main_File.htm)

### Board of Regents Policy Manual

<https://www.usg.edu/policymanual/>

### Business Procedures Manual

[https://www.usg.edu/business\\_procedures\\_manual/](https://www.usg.edu/business_procedures_manual/)



## Board of Regents Ethics and Compliance Reporting Hotline

### Maintaining a Tradition of Excellence

Since inception, the Board of Regents of the University System of Georgia has been committed to upholding the highest ethical standards and conducting our operations honestly, honorably and legally. One of my priorities is to preserve an environment that promotes integrity, scholarly activity and workplace productivity.

Each member of our community has a responsibility to follow university policies and procedures, adhere to applicable laws and regulations and speak up when we see or suspect misconduct. If you have concerns about possible unethical behavior or noncompliance with Board of Regents policy, I encourage you to speak to your supervisor, director, department chair or central personnel to solicit their support and help.

**If you feel uncomfortable speaking up within your department or human resources, we offer another option for anonymously voicing your concerns. We have retained the services of Global Compliance, a leading, third-party hotline provider for those who wish to speak up but prefer to remain anonymous. This service from Global Compliance allows you to communicate your concerns via telephone or Web report 24 hours a day, 7 days a week, without fear of retaliation. The hotline is a valuable resource for putting integrity into action every day.**

We look to you to carry on the traditions and ethical practices built over decades by people like you. Help uphold our tradition of excellence. What we do now and how we do it will preserve this legacy for future generations. Thank you for doing your part.

This Hotline is more than just a system through which individuals can report issues of suspected fraud, waste or abuse. We would also like to solicit questions, comments and feedback about areas which could be streamlined and made more efficient and effective.

Your input is essential to ensure that your department or institution maintains a positive, productive workplace. This is your system and we encourage you to use it – together we will achieve excellence.

Sincerely,

Steve W. Wrigley  
Chancellor

**Please note: Each institution within the University System of Georgia has an Ethics and Compliance Hotline created for that institution. If your report, concern or comment is about a specific College or University issue, your issue will be more quickly addressed by starting with that institution's Hotline first. However, if you wish to use the Board of Regents Hotline, please feel free to do so.**

**This system is not a 911 or emergency service. If you require immediate assistance please contact your local authorities.**

You can also make a report via telephone by calling the number below toll-free 24 hours a day, 7 days a week:

1-877-516-3466

What would you like to do?

Questions  
?