

What is procurement?

Procurement is the process of obtaining goods and services for your tribal entity. As part of procurement, you select your vendors and establish your payment terms.

Why is a procurement policy necessary?

- ◆ Ensures federal funds are not used to pay for items or costs your tribal entity is already obligated to pay with tribal, state, or local funds (i.e., supplanting).
- ◆ Establishes an effective agency-wide purchasing process ensuring your tribal entity's policies are followed and all purchases made comply with tribal, federal, state, and/or local contract requirements.
- ◆ Builds controls which safeguard your tribal entity's assets and assure purchases are properly processed and recorded in a timely, efficient and accurate manner.
- ◆ Ensures purchases of necessary materials, supplies, equipment and services are made competitively where practicable, and performance, quality, suitability, delivery and service are considered at the time of procurement.
- ◆ Provides maximum utilization of Native American goods and services.
- ◆ Creates a code of conduct for your employees and others who purchase goods and services using your entity's funds.
- ◆ Establishes procedures which provide the clearest segregation of duties to enhance internal controls.
- ◆ Clarifies the roles and responsibilities for procurement policies, processes, and activities.

What are the essential elements of an effective procurement policy?

- ◆ Allowable goods and services
- ◆ Approvals and authorizations
- ◆ Capitalization of items in excess of \$5,000
- ◆ Conflict of interest/employee conduct
- ◆ Contract services: competitive and sole-source criteria and process
- ◆ Credit card purchases
- ◆ Emergency purchases
- ◆ Equipment or repair services
- ◆ Honoraria
- ◆ Independent contractors – small projects roster
- ◆ Indian preference/Tribal Employment Rights Office (TERO)/business preference
- ◆ Internal audits of procurement system
- ◆ Internet purchases
- ◆ Line of credit
- ◆ Procurement of equipment and bulk items
- ◆ Property management and disposal at closeout
- ◆ Restrictions on use of procurement system
- ◆ Solicitations for goods and services
 - ◆ Micro-purchases

- ◆ Small purchases
- ◆ Sealed bids
- ◆ Competitive proposals
- ◆ Used equipment or fixtures

Tips for successful procurement

- ◆ Make reasonable requirements for your competitive purchases, for example don't require excessive experience or bonding.
- ◆ Pay attention to possible entity conflicts of interest, such as buying goods from a family member.
- ◆ Compare price, quality, and/or performance of "brand" name items with equivalent items.
- ◆ Learn about (and practice) checking the debarment list.
- ◆ Compare lease to purchase costs for equipment; sometimes leasing is more economical. [See OVC TFMF Lease versus Purchase Guide.](#)
- ◆ If your tribal entity has a purchasing department or purchasing manager/accountant, ask them about any "shared goods services" available to you.

References

- ◆ [2 CFR §200.318 General procurement standards.](#)
- ◆ [2 CFR §200.319 Competition.](#)
- ◆ [2 CFR §200.320 Methods of procurement to be followed.](#)
- ◆ [2 CFR §200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.](#)
- ◆ [2 CFR §200.323 Contract cost and price.](#)
- ◆ [2 CFR §200.324 Federal awarding agency or pass-through entity review.](#)
- ◆ [2 CFR §200.474 Travel costs.](#)

Resources

- ◆ **Federal Travel Regulations** (<https://www.gsa.gov/policy-regulations/regulations/federal-travel-regulation-fty>)



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Feedback Requested

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