

8.05 PROCUREMENT POLICY**General Provisions**

The purpose of this statement of Procurement Policy (hereinafter the “Policy”) is to:

- Assure that supplies, products and services are procured efficiently, effectively and at favorable prices;
- Assure that quality, experience and service are given strong consideration along with pricing;
- Promote open and free competition in contracting;
- Provide safeguards for maintaining a procurement system of quality and integrity;
- Assure that FAME purchasing actions are in full compliance with applicable Federal standards and regulations and State and local laws.

Procurement Authority and Administration

The policy will be administered as follows:

Unless otherwise stated in this Policy, the Procurement Officer, who shall be the Director of Finance & Lending or such other individual the Chief Executive Officer authorizes in writing to serve as the Procurement Officer, will administer all of FAME’s procurement transactions.

FAME will maintain records sufficient to detail, including the rationale for the method of procurement, contractor/vendor selection or rejection, the basis for the contract/vendor price and such other information as FAME determines appropriate and maintain such records for a minimum of five years. See Finance Department Procedures for more documentation regarding the use of requisitions and Purchase Orders, including approval limits.

Note that The Chief Executive Officer must authorize any non-budgeted purchases over \$15,000 (or non-budgeted contracts that obligate FAME to an amount over \$15,000 annually).

Management will seek approval through the Finance and Audit Committee for any non-budgeted capital expenditures that would cause actual capital expenditures to exceed the capital budget by \$50,000 in aggregate. The Board will be requested to ratify the approval of the Finance and Audit Committee for the purchase of the non-budgeted capital item at its next monthly meeting.

FAME may enter into State and local intergovernmental agreements for procurement or use of common goods and service.

Procurement of products or services

When acquiring supplies, products or services, FAME will obtain quotes based upon size of purchase (FAME may obtain these price quotations by telephone, email, fax, Internet, verbally, as long as the information is documented, or as otherwise allowed by State or local laws.):

Except as provided below, FAME will make the award to the vendor providing the lowest acceptable quotation meeting required specifications. FAME may make the award based on factors in addition to price so long as it justifies its action in writing. Examples of these factors may be:

- the item is available only from a single source, based on a reasonable review of available sources;
- an emergency for the requirement does not permit a delay resulting from competitive solicitation;
- after solicitation of a number of sources, FAME determines that there are no other providers that meet our needs

1) Procurement for Small Purchases \leq \$10,000

For purchases below \$10,000, FAME may solicit one quotation if FAME considers the price received reasonable.

2) Procurement for Purchases $>$ \$10,000 and \leq \$50,000

For purchases from \$10,000 to \$50,000, FAME must obtain quotations from three qualified sources unless the Procurement Officer allows an exception.

3) Procurement for Purchases $>$ \$50,000

- The requests for responses (RFR) or proposals (RFP) will identify all the evaluation factors and their relative importance;
- FAME will identify criteria for evaluating proposals received and selecting awardees.
- FAME will make awards to the responsible firm whose proposal is most advantageous to the applicable program, with price and other factors considered.
- FAME may reject any and all proposals or be allowed to negotiate price and services beyond the original submittal.

Documentation of Quotes Received for purchases

The following documentation will be required for each purchase:

- Name and address of Vendor(s)/Contractor(s)

- Price, quantity, specifications of product or service, and quality of product(s)
- Criteria for Decision Making
- Reasons for Decision if for not using price as deciding factor in Competitive Proposals

Length of Contract and Review

The length of a contractual agreement to provide supplies, services or product generally should not exceed five years for services rendered. Prior to the end of the contract FAME should begin the process for replacing the contract according to the Procurement Policy. Outside of the procurement policy, it has been the practice of the Board of Directors to approve the selection of the guaranty servicing vendor, loan servicing vendors, Maine College Savings Program servicing vendor, and FAME's primary bank for banking services. The Board must approve the selection of FAME's auditors.

Ethics in Public Contracting

No employee, Board Member, officer or agent of FAME shall participate in the selection or in the award or administration of a contract if a conflict of interest, real or apparent, would be involved. A conflict of interest is defined under FAME's Conflict of Interest Policy.

See Finance Department Procedures for more detailed documentation and approval requirements.