

### 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-ftr>)



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## Feedback Requested

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