

---

# Authorities Budget Office Policy Guidance



**No.** 17-02

**Date Issued:** June 5, 2017

**Supercedes:** New

**Subject:** Public Authority Procurement Guidelines

**Statutory Citation:** Section 2824 (1) (e), Section 2879, Section 2880 of Public Authorities Law; Section 104-b of General Municipal Law; Article 15-A of Executive Law; and State Finance Law 139-j.

**Provision:** Section 2824 (1) (e) of Public Authorities Law (PAL) requires boards of state and local authorities, as defined by Title 1 Section 2 of PAL, to adopt written policies and procedures for the procurement of goods and services. Section 2879 (3) of Public Authorities Law enumerates the necessary items to be included in the procurement guidelines for state authorities, while industrial development agencies are subject to Section 104-b of General Municipal Law (GML) which outlines the expectations for procurement policies and procedures related to goods and services.

Public authorities are also subject to the Procurement Lobbying Act, Section 139-j of State Finance Law, which requires the authority to designate a person or persons to serve as the authorized contact on a specific procurement.

In addition to the above, state authorities are required to comply with Section 2880 of PAL in regards to a prompt payment policy as well as Article 15-A of Executive law with respect to Minority and Women Owned Business Enterprise (MWBE) requirements in the procurement contracts.

**Authorities Budget Office Policy Guidance:** Authorities are required to develop, adopt and annually review comprehensive guidelines that govern the authority's policies and instructions concerning procurement activities. Procurement guidelines help to ensure authority moneys are used in a financially sound manner, enable authorities to acquire maximum quality at the lowest possible cost, and guard against favoritism, fraud and corruption.

At a minimum, the guidelines should address approval thresholds, describe the types of goods and services eligible to be procured and establish the authority's policies regarding soliciting proposals, obtaining quotes, selecting contractors, and awarding, monitoring and reporting of contracts.

Each authority is different, especially when it comes to the types and values of goods and services they procure. Therefore, no single policy exists that is appropriate for all authorities. Instead, each individual board of directors must review its own operations and determine an appropriate policy that best fits its

needs. The authority should consider the following issues in developing its procurement guidelines:

- Establishing various approval and procedural thresholds. For example, an authority may wish to allow discretionary spending below a certain dollar amount, while requiring executive director or board approval for procurements that exceed that amount. Dollar thresholds could also be established that require different procedures be followed to ensure that the good or service is of maximum quality at a reasonable price – such as requiring competitive selection. An authority may also elect to address the single purchases of goods or services that cumulatively exceed the aforementioned thresholds.
- Creating safeguards for services and allowable expenses, i.e. limiting reimbursable costs such as travel expenses, lodging or food to rates established by the United States General Services Administration.
- Maintaining a list of qualified vendors from whom services have been previously purchased.
- Identifying exceptions to the authority's procurement policy. Authorities should define what constitutes an emergency purchase and outline what documents or details are required from the purchaser to justify the emergency expense. Evidence supporting the reliance that the purchase price is fair and reasonable should also be provided.

As indicated in the Provisions, all authorities are required to establish a policy regarding procurement lobbying. In addition, state authorities should provide details concerning the use of MWBE and prompt payment in their procurement guidelines.

Procurement Lobbying: An authority must designate an individual who will act as an authorized contact during each procurement activity. If an impermissible contact occurs, the authority is required to maintain a written record of the contact. An impermissible contact is when a potential contractor initiates contact with someone other than the designated contact during a period when such contact is not permitted or attempts to influence the procurement in a manner that could reasonably be construed as a violation of procurement lobbying requirements.

Minority and Women Owned Business Enterprise (MWBE): All state authorities are to comply with the MWBE requirements with respect to procurement contracts pursuant to Article 15-A of the Executive Law. State authorities are to provide detailed information on their MWBE program and identify the targets they have set for MWBE participation in their awarded procurements.

Prompt Payment: State authorities are to develop and adopt a prompt payment policy that includes a procedure for requesting payment, a payment schedule, defining an interest rate to be paid if prompt payment is not made, and conditions that would permit an extension to the prompt payment deadline.

Procurement guidelines should be presented to and approved by the authority's board on an annual basis and posted to the authority's web site for public view.

Authorities may also wish to review New York State Procurement Guidelines for additional guidance and suggestions.

<https://www.ogs.ny.gov/BU/PC/Docs/Guidelines.pdf>