PROCUREMENT

OVERVIEW

The Procurement subcommittee has been charged with reviewing the IAFF procurement process and how the current process of requesting, approving and procuring goods and services impacts the operations and constitutional authority and responsibility of the office of the General Secretary-Treasurer (GST) and to make recommendations for compliance and/or improvement.

The Procurement subcommittee interviewed current and former IAFF employees and contractors, consultants for other non-profit organizations on best practices, reviewed Budget and Finance Executive Board Committee reports, IAFF Executive Board minutes, IAFF Executive Board policies, the IAFF Executive Board Ethical Practices Committee (EPC) recommendations and consultant reports.

FINDINGS

The need for a procurement policy has been documented in multiple meetings of the Executive Board and in analyses from outside contractors/consultants.

Throughout the course of business and to conduct the operations of the organization, the IAFF regularly purchases:
- Supplies (office and computer supplies and materials for event exhibit booths)
- Travel (staff/contractor/board travel as well as event expenses)
- Contractor services (e.g., instructors and field representatives)
- Consultant services (varies by project and need)
- Contracted services (e.g., legal or auditing)

Approximately 10% of IAFF expenditures are grant-related. A procurement policy with associated forms has been developed for grant-funded expenditures. This policy adheres to 2 CFR 200 Procurement Standards. Grant-related procurement appears to be efficiently run, well-documented, and allows for significant reporting of available and expended funds.

The following policies also govern and/or relate to IAFF procurement:
- IAFF Employee Handbook
  - 3.1 Business Credit Card
  - 3.2 Business Travel Expenses and Reimbursement
- IAFF Executive Board Policies
  - BF 005 Credit Card

- BF 006 Financial Delegated Authorities Policy
- BF 008 Discretionary Expenses
- BF 013 Reimbursable Expenses – Telephone
- BF 014 Reimbursable Travel Expenses
- BF 016 Reimbursable Travel Expenses for Principal Officers, District Vice Presidents and Trustees
- BF TBD Policy on Expenditures/Contracts with Outside Vendors, Consultants, and other Entities
- POP 004 – Code of Ethical Practices/Conflict of Interest
- POP 046 – Service Fee Policy

The IAFF uses five distinct software systems for procurement-related activities: Concur, ReQlogic, Great Plains, SharePoint, and Tableau. Figure 1 illustrates the current system usage.
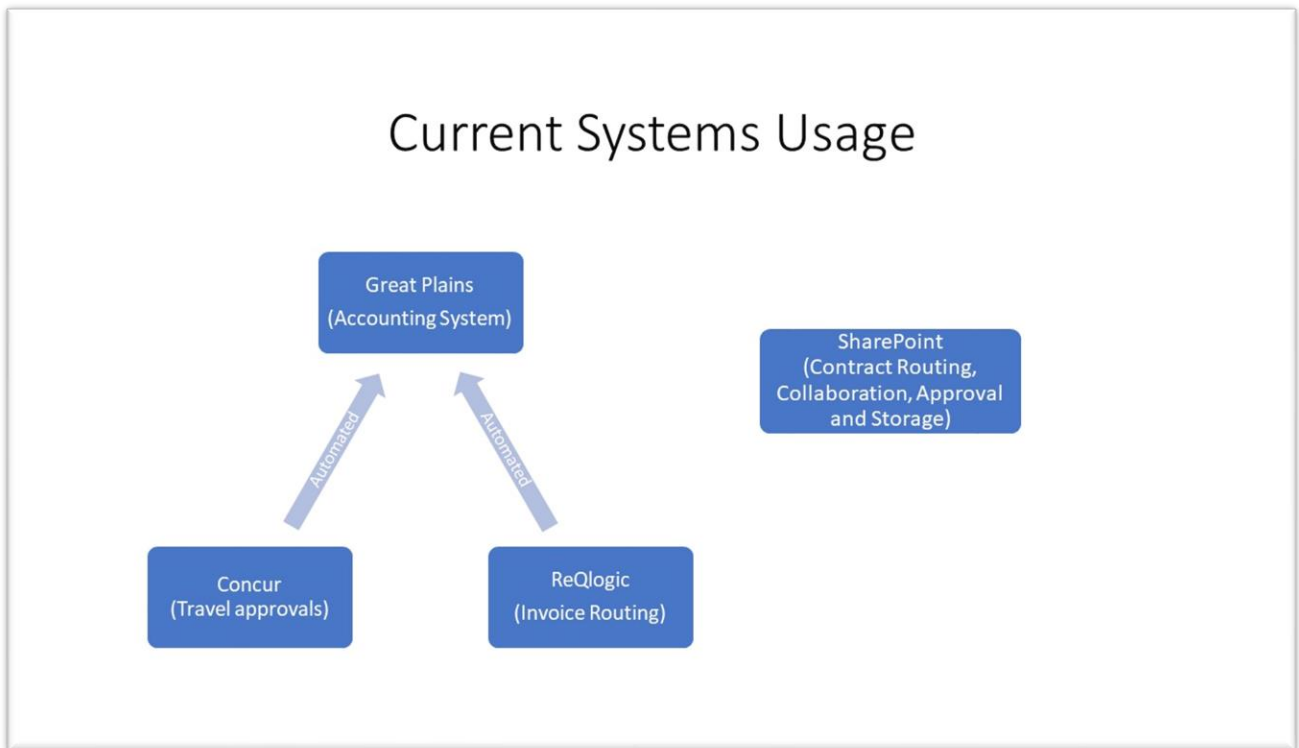

Figure 1: Current System Usage

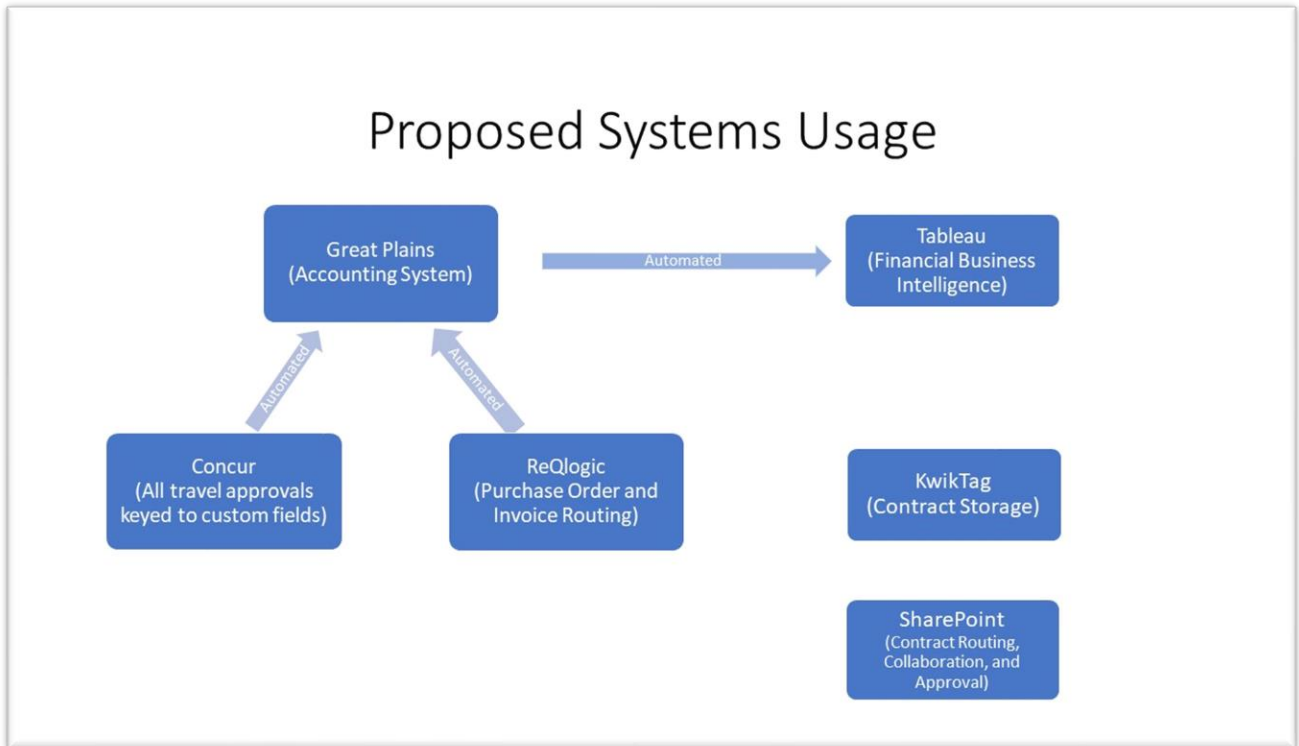Figure 2 illustrates the proposed system usage based on known systems capabilities.

Figure 2: Proposed System Usage

RECOMMENDATIONS

1. **Adopt a robust procurement process rather than merely a single procurement policy.** ==In Progress==

   A robust procurement process (see Figure 3) that is universally understood and consistently followed will lead to organizational efficiencies that in turn will ensure staff resources are being dedicated to member-focused efforts. Likewise, this process will ensure more effective use of IAFF's financial assets.
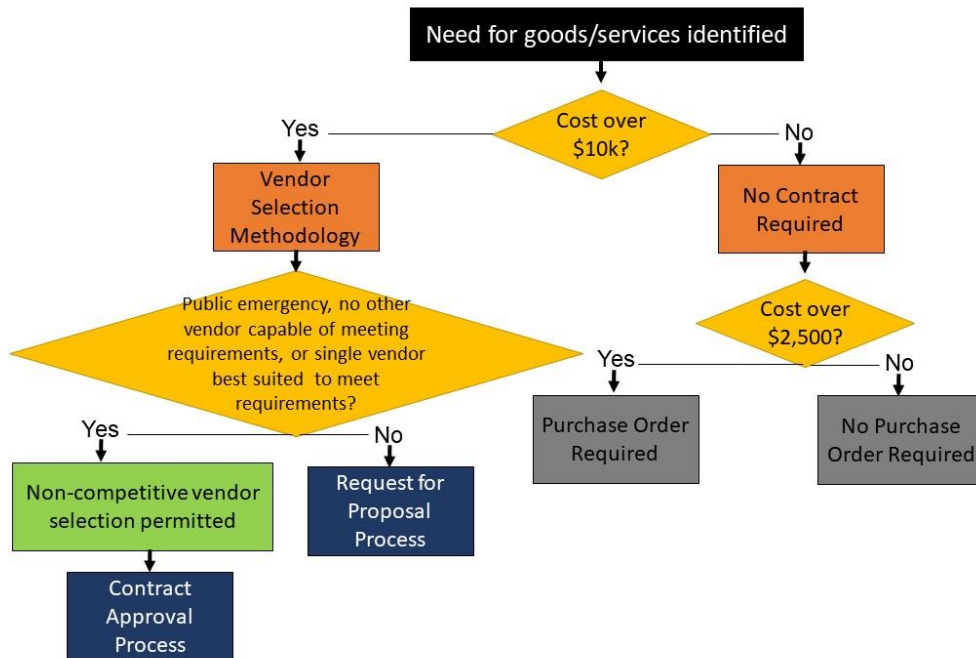
Figure 3: Procurement Process

2. **The procurement process should include:** <mark>In Progress</mark>

   a. **Procurement policy**
   Most procurement policies address funding sources, vendor selection, purchasing authority, documentation, review, payment, reporting, and related policies.

   b. **List of related IAFF policies**
   These policies should be listed at the end of the procurement policy once adopted.

   c. **ReQlogic flowchart**
   This flowchart should be developed following approval of the procurement policy. During discussions with IAFF staff, it was shared that ReQlogic can route purchase orders and invoices. It is recommended that IAFF pursue updates to the ReQlogic system to allow for increased efficiencies. The proposed systems usage graphic illustrates the improved integration possibilities.

d. **Concur flowchart**
   This flowchart should be developed following approval of the procurement policy. During discussions with IAFF staff, it was shared that custom fields have been added to Concur to allow for tracking of course/project-related expenses. It is recommended that all IAFF travel be routed through Concur using these custom fields for enhanced tracking and reporting.

e. **New consultant contract flowchart**
   This flowchart will outline when a contract is required, if a request for proposal is required, and when a contract requires IAFF Executive Board approval prior to approval. The Executive Board will be briefed on all contracts through the list of all current consultant contracts (item J below).

f. **Request for Proposal (RFP) template**
   This template should be developed by legal following approval of the procurement policy.

g. **Sole Source Justification form**
   This form should be developed following approval of the procurement policy and based on the form currently used by the grants department. It is used when no other vendor is capable of fully meeting the requirements.

h. **Single Source Justification form**
   This form should be developed following approval of the procurement policy and based on the form currently used by the grants department. It is to be used when alternative vendors exist in the competitive market, but the buyer chooses to solicit a bid from only one vendor because of the vendor's specific experience/expertise.

i. **Standard language for consultant agreements**
   All consultant agreements signed by the IAFF should include a detailed statement of work with project milestones and billing intervals. This statement of work could serve as the basis of a future project management system. Language requiring all consultants to key their invoices to completed project milestones when requesting payment should be included in all future agreements. Any vendor being paid over $100,000 in a given fiscal year should be reported on the IAFF 990s.

j. **List of all current consultant/contractor agreements**
   This list is similar to the report that is referenced in the new IAFF Executive Board Policy in the Budget and Finance section.

k. **Preferred vendor list**
   This list should be posted in a single location where all IAFF staff and board members can view. Access to edit the list should be limited. This list should include only existing preferred vendors noting the vendor's name

and contact information, the goods/services they provide, and the last time they were reviewed. All vendors should be reviewed at least every three years. Any vendor being paid over $100,000 in a given fiscal year should be reported on the IAFF 990s.

l. **Preferred contractor list**
This list should be maintained by the GST's office and be available to program staff. The list should include the contractor's name and contact information and the services they provide to the IAFF (e.g., instruction or field representation). To ensure adequate contractor performance, any program manager that chooses to discontinue using a particular contractor, should notify all other program managers that use that contractor.

m. **Contractor agreement form**
A contractor agreement form that outlines, at a minimum, independent contractor status, scope of engagement, compensation, termination, and safeguarding of IAFF intellectual property should be developed.

n. **Approved contracted services list**
This list should be posted in a single location where all IAFF staff and board members can view. Access to edit the list should be limited. This list should include the company's name and contact information, the services they provide, and the last time they were reviewed. All contracted services should be reviewed at least every three years. Any firm being paid over $100,000 in a given fiscal year should be reported on the IAFF 990s.

3. **Revise the following Budget and Finance policies** ✅ **Completed**
    - **BF 014 Reimbursable Travel Expenses**
    - **BF 016 Reimbursable Travel Expenses for Principal Officers, District Vice Presidents and Trustees**

    An internal policy working group comprised from the General President's and the General Secretary-Treasurer's offices developed drafts of revised and new policies to delineate the requirements for travel and expense reimbursement based on the individual's position in the organization. Separate draft policies were created for principal officers, district vice presidents and trustees, exempt and OPEIU staff, and contractors and consultants. These drafts have been reviewed, finalized and adopted by the Executive Board.