
Chief Operating Officer

Procurement
Renewal Letters and Price Adjustment Clauses

To: All Staff

From: Scott W. Washington
Chief Operating Officer

This circular clarifies HCPSS Procurement Manual procedures and responsibilities to ensure that procurements involving the use of federal funds fully comply with the federal requirements set forth in 2 CFR §200.302(b)(3). Specifically, the federal code requires that records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Procurement Procedures

Renewal letters must be done for all options exercised for any procurement methods. The HCPSS Procurement Manual, section 8.2.1.9, states that renewal contracts may be exercised by HCPSS providing there is appropriate fiscal funding and satisfactory contractor performance. This circular clarifies that the procedure requiring that renewal letters will be done and will be stored in the Contract Management System. Further, evidence of this documentation verification will be included on procurement checklists and will be tracked by the Contract Management System to ensure the timely execution of renewal letters.

Price Adjustment clauses are not specifically mentioned in the HCPSS Procurement Manual. To ensure the proper clauses are included in all procurements, the Purchasing Office will develop a standard and supplemental terms and conditions list that will be used as appropriate for all procurements. This will standardize the terms and conditions process and it will be verified with the use of procurement checklists by the procurement specialists.

Responsibilities

Section 6 of the Procurement Manual establishes responsibilities for administering procurement functions. This circular clarifies section 6.3 Director of Purchasing responsibilities. The Director of Purchasing is responsible for ensuring procurement transactions comply with applicable federal rules including sufficient documentation, as necessary. Review measures taken by the Director of Purchasing will include, but not be limited to, the review of transactions, and performing periodic reviews of all contracts funded with federal funds.

SWW/vw