

**Department of Budget and Management (DBM)
PROCUREMENT AGENCY ACTIVITY REPORT
SUBMISSION GUIDELINES**

I. BACKGROUND

Procurement Agency Activity Reports (PAARs) are required to be submitted to the Board of Public Works (BPW) monthly by agencies to which the BPW has delegated authority to approve **procurement actions**. (COMAR 21.02.01.05 B)

Since the BPW has delegated to DBM authority to approve procurement actions for **services** contracts up to the limits provided in Section IV below, DBM is required to submit a PAAR to the BPW by the second Wednesday of each month for all services procurement actions exceeding \$25,000 that were ***approved*** during the preceding month by DBM or by an Agency under ***authority delegated by DBM***.

II. DEFINITIONS

Services: means the rendering of time, effort, or work, rather than the furnishing of a specific physical product other than reports incidental to the required performance. It includes, but is not limited to, the professional, personal, and/or contractual services provided by architects, engineers, attorneys, accountants, physicians, consultants, appraisers, land surveyors, and where the service is associated with the provision of expertise or labor, or both. (Per COMAR 21.01.02.01.B (79 a)).

Services does not include services included within the definitions of maintenance, construction-related services, architectural services, engineering services, or energy performance contract services. (Per COMAR 21.01.02.01.B (79 b)). For the purpose of PAAR submissions to DBM, Services also does not include IT services under the control of the Department of Information Technology.

Authority Delegated by DBM: Formal delegation from DBM to an agency of part or all of the authority delegated to DBM by the BPW to approve procurement actions. (See Section VI below for DBM delegations to agencies)

III. REPORTABLE PROCUREMENT ACTIONS

Actions that must be reported on a PAAR, when reporting thresholds are met, include:

1. Award of a Services Contract
2. Option Renewal for a Services Contract

3. Modification to a Services Contract
4. Cancellation of Solicitation or Rejection of all Bids/Proposals

IV. BPW APPROVAL LEVELS

Any procurement action that requires approval by the BPW has not been delegated by the BPW to DBM, and in turn cannot be delegated by DBM to an agency. Accordingly, agencies have no authority to approve any procurement action that must receive BPW approval.

The following are the levels at which each described procurement action must be approved by the BPW.

A. Services Contract Awards

1. Generally:

Any award that exceeds \$200,000 in amount, or would exceed \$200,000 if all available renewal options were exercised.

2. Special Circumstances:

- a) Only 1 bid or 1 proposal is received in response to a procurement conducted under either the competitive sealed bidding or competitive sealed proposals procurement method and the intended contract award, including the value of all available renewal options, exceeds \$50,000.
- b) The intended contract award is being made under the Sole Source procurement method and exceeds \$100,000 in amount, including the value of all available renewal options.

B. Option Renewal for a Services Contract

1. Generally:

Any option renewal that exceeds \$200,000.

2. Special Circumstance:

Between 4/30/2003 and 10/20/2004 for any contract award that was approved by the Board, the Board delegated to DBM the authority to approve option renewals, regardless of value. However, this delegated authority to DBM does not affect the level of delegation from DBM to any agency.

C. Modification to a Services Contract

1. Generally:

- a) A modification that increases or decreases the value of a contract by more than \$50,000.
- b) A modification that causes any component/element of a contract to increase or decrease by more than \$50,000 in value.

There may be instances when the price of one or more elements of a contract increase in price while one or more other contract elements decrease in price. These increases and decreases may totally offset one another, or partially offset one another so that, in total, the overall contract value does not change by more than \$50,000. However, despite the fact that overall the contract value may not change by more than \$50,000, if any of the individual component changes exceeds \$50,000 in amount, the BPW must approve the modification.

[Example: A contract modification that increases the value of Task 3 by \$60,000 and decreases the value of Task 4 by \$50,000. The net change in total contract value is only \$10,000. However, this modification requires Board approval because the change in value to a single component (Task 3) exceeded \$50,000.]

- c) A modification that extends the time of performance of a contract without increasing the authorized expenditure levels, if the payments that will occur during the extended time period exceed \$50,000. On rare occasion, depending on the particular circumstances involved, such an extension may not require Board approval. However, agencies should not make this decision unilaterally, but should check with their DBM procurement analyst to obtain appropriate direction.

2. Special Circumstance.

If a modification would cause the total value of a contract to exceed \$200,000, and that contract had not previously been approved by the BPW, that modification, regardless of value, must be approved by the BPW. As noted in

Section IV A.1, prior BPW approval is required for any contract that is known to exceed \$200,000, or potentially might exceed \$200,000 if all available renewal options are exercised.

This same requirement for BPW approval of any contract over \$200,000 in value applies when the over \$200,000 total contract value will result from a modification to a contract that without the modification would not exceed \$200,000.

[Example: A contract award valued at \$192,000 was approved by DBM. The involved agency wishes to modify the contract to add a deliverable with a value of \$10,000. Since this proposed modification would cause the total contract value to be \$202,000 and this contract was not originally approved by the BPW, the \$10,000 contract modification requires prior Board approval.]

See Attachment A for additional examples.

V. AGENCY PAAR REPORTING THRESHOLDS

A. Services Contract Awards and Option Renewals

1. All **services contract awards** and **services contract option renewals** over \$25,000 and up to the agency's delegated level of approval authority must be reported to DBM for review and possible inclusion on the DBM PAAR submission to the BPW.
2. Except for contracts involving Preferred Providers as described in Section VI A.2 below, an agency that is not specifically included in Section VI B does not have authority from DBM to approve any procurement action that exceeds \$25,000 (including the value of available option renewals) and therefore cannot approve any procurement action that must be reported on a PAAR.
3. Agencies identified in Section VI B that have general delegation from DBM over \$25,000, must report each month to DBM any services contract award or services contract option renewal in excess of \$25,000 approved by the agency during the prior month. DBM will review and, as appropriate, include this information in its PAAR submission to the BPW. (See Sections VII and VIII, below for, respectively, PAAR submission timeframes and the treatment of actions DBM determines to have been improperly approved by an agency.)

B. Services Contract Modifications

1. All **services contract modifications** which by themselves, or cumulatively with other modifications of the same contract, exceed \$25,000 and up to the BPW required approval level of \$50,000 (see Section IV C above), must be reported to DBM monthly for review, and as appropriate, inclusion on DBM's PAAR submission to the Board.

2. Agencies not specifically identified in Section VI B, are only delegated authority by DBM to approve modifications which by themselves, or cumulatively with other modifications of the same contract do not exceed \$25,000. These actions are below PAAR reporting thresholds and do not need to be reported to DBM.

However, as noted in Section IV. C.2 (and Example 4 B on Attachment A), modifications of less than \$25,000 may require Board approval in certain situations.

3. Agencies identified in Section VI B.1.a. 1) and 2) that are delegated authority to approve modifications which by themselves, or cumulatively with other modifications of the same contract do not exceed \$50,000, must report each month to DBM any services contract modifications approved by the agency which by themselves or when cumulated with any other agency approved modifications on the same contract exceed \$25,000. DBM will review and include as appropriate this information in the DBM PAAR submission to the BPW.

C. Cancellations/Rejections

ANY ***cancellation of solicitations or rejection of all bids or proposals*** pursuant to COMAR 21.06.02 must be approved by DBM and reported on a PAAR. DBM has not delegated to any agency the authority to approve cancellations or rejections.

VI. DELEGATIONS FOR SERVICES PROCUREMENTS

A. General Delegation Levels for All Agencies

1. Small Procurement Level

- a) ***Awards***. All agencies have \$25,000 (small procurement level) delegation for services contract ***awards***. In determining the value of a procurement for award purposes, the total value of the contract base period plus all potential option periods of that contract must be considered.

No agency is delegated authority to approve a small procurement contract that exceeds \$25,000 in value. Services contracts that are initiated by a small procurement solicitation but exceed \$25,000 in value must be approved by DBM (See COMAR 21.05.07.05.B).

- b) ***Options and Modifications***. Agencies may approve contract options and/or contract modifications, which in combination with the original (base) contract amount do not cause the cumulative value of the contract to

exceed \$25,000, i.e., the total value of the base contract, plus any renewal option(s), plus any modification(s) does not exceed \$25,000.

2. **Preferred Provider**

- a) **Awards**. All agencies have Preferred Provider (Blind Industries & Services of Maryland, Community Services Provider, and Individual with Disability Owned Business) delegation to \$200,000. In determining the value of a Preferred Provider procurement for award purposes, the total value of the base contract period plus all potential option periods of that contract must be considered.
- b) **Options and Modifications**. Agencies may approve contract options and/or contract modifications for Preferred Provider contracts which in combination with the original (base) contract amount do not cause the cumulative value of the Preferred Provider contract to exceed \$200,000.

B. **Specific Agency Delegation Levels**

1. **Agencies with \$100,000 of delegation**

a. Services Contract Awards and Renewals

- 1.) The Departments of Information Technology (DoIT), General Services, Transportation, Health and Mental Hygiene, and Human Resources have delegations to \$100,000¹. In determining the value of a procurement for award purposes, the total value of the base contract period plus all potential option periods to a contract must be considered.
- 2.) The Maryland State Police has \$100,000*² delegation for helicopter maintenance. In determining the value of a procurement for award purposes, the total value of the base contract period plus all potential option periods to a contract must be considered.

b. Services Contract Modifications

- 1.) Subject to section C below, DoIT is delegated authority to approve contract modifications that **individually** do not exceed \$50,000 for a contract.

¹ Per Section IVA.2.a, award approval delegation levels are limited to \$50,000 for procurements for which only one bid /proposal is received

² Per Section IV A.2.a, award approval delegation levels are limited to \$50,000 for procurements for which only one bid /proposal is received

- 2.) Subject to C below, all other agencies listed in items 1 and 2 of B.1. A of this Section VI, may approve a single modification of \$50,000 or less, or multiple modifications of less than \$50,000 that in aggregate do not exceed \$50,000 in value for a single contract. These agencies may not approve any single modification of over \$50,000, or any modification of less than \$50,000 that would result in the agency approving over \$50,000 **cumulatively** for all modifications to the same contract.

c. Cumulative Delegation Limit

The cumulative value agencies listed in this section may approve for a single contract cannot exceed \$100,000, through any combination of approval of the base contract, renewal option(s), or modification(s).
(See additional delegation examples in Attachment A.)

2. **Agencies with \$50,000 of delegation**

a. Services Contract Awards and Renewals

1. The Department of Natural Resources has delegation to \$50,000 (not including sole source awards or single bid/offer received occurrences, for which delegation is limited to \$25,000). In determining the value of a procurement for award purposes, the total value of the base contract period plus all potential option periods to a contract must be considered.
2. The Division of Rehabilitation Services of the Maryland State Department of Education has \$50,000 delegation for vehicle & dwelling conversions for handicapped accessibility. In determining the value of a procurement for award purposes, the total value of the base contract period plus all potential option periods to a contract must be considered.

b. Services Contract Modifications

The agencies listed in subsection a) of this section may approve a single modification of \$25,000 or less, or multiple modifications of less than \$25,000 that cumulatively do not exceed \$25,000 in value for any single contract. These agencies may not approve any single modification of over \$25,000, or any modification of less than \$25,000 that would result in the agency approving over \$25,000 **cumulatively** for all modifications to the same contract.

c. Cumulative Delegation Limit

The cumulative value agencies listed in this section may approve for a single contract cannot exceed \$50,000, through any combination of approval of the base contract, renewal option(s), or modification(s).
(See additional delegation examples in Attachment A.)

Check this link for delegation changes after the issuance of this document.

http://dbm.maryland.gov/dbm_publishing/public_content/dbm_taxonomy/procurement/doing_business_with_dbm/dbm_delegation_agencies.pdf

VII. SUBMISSION DIRECTIONS AND TIMEFRAME

Please see Attachment B for a copy of the template to fill out and submit to DBM. Also Attachment C includes a sample of a new services PAAR item and a modification PAAR item to illustrate how these items should be filled out.

Required PAAR submissions must be submitted via e-mail from each agency identified in Section VI A 2, or as noted in Section VI B, above and are due to Jamie Tomaszewski as noted below by the 5th business day of each month for the previous month's activities.

Jamie Tomaszewski
BPW Agenda Manager
DBM Division of Procurement
Policy & Administration
45 Calvert Street
Room 134
Annapolis, MD 21401
410-260-7386
jtomasze@dbm.state.md.us

To ensure faithful PAAR reporting it is recommended that each agency listed in Section VI B notify Jamie Tomaszewski monthly if it has made no delegated approvals in the previous month that would be PAAR reportable.

VIII. COMPLIANCE (DBM PAAR REVIEW)

All PAAR submissions from agencies will be reviewed by DBM before inclusion on a final monthly DBM PAAR.

- This review may result in requests for more information to determine if a given procurement action was properly approved within an agency.
- If DBM determines that an item was improperly approved within an agency, the item will not be included on the final DBM PAAR. Instead, the agency will

be informed of the error and advised to prepare and submit an agenda item for retroactive approval by the BPW.

Accordingly, if there are any questions of whether an agency can legitimately approve a given procurement action, the agency's respective DBM procurement analyst should be contacted. (Attachment D is the list of agency assignments for each DBM procurement analyst.)

Check this link for analyst assignment changes after the issuance of this document:

http://dbm.maryland.gov/dbm_publishing/public_content/dbm_taxonomy/procurement/analystassignments.xls

Existing delegations or the potential for future delegations are dependent on an agency faithfully following these guidelines and accurately and timely submitting a PAAR on a monthly basis. An excessive number of erroneous approvals by an agency or the failure to meet the required submission timeframe could result in the revocation by DBM of an existing delegation, or the refusal of DBM to grant a future requested delegation.