JOINT CIRCULAR
STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY

NO.: 17-02-OMB/DPP/OIT	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET (OMB) DIVISION OF PURCHASE AND PROPERTY (DPP) OFFICE OF INFORMATION TECHNOLOGY (OIT)	PAGE 1 OF 5
EFFECTIVE DATE: 08-22-16	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 16-05-OMB/DPP/OIT

SUBJECT: PROCUREMENTS OF INFORMATION TECHNOLOGY (IT) HARDWARE, SOFTWARE, SUBSCRIPTION-BASED SOLUTIONS AND RELATED SERVICES AND NON-IT EQUIPMENT

ATTENTION: DIRECTORS OF ADMINISTRATION, CHIEF FISCAL OFFICERS, CHIEF INFORMATION OFFICERS, AGENCY IT MANAGERS, AND AGENCY PROCUREMENT MANAGERS

FOR INFORMATION CONTACT:

OMB IT PROCUREMENTS	omb-it.procurement@treas.nj.gov
OMB NON-IT PROCUREMENTS	equipment@sp3.treas.state.nj.us
PROCUREMENT BUREAU, DPP	(609) 292-4886
CONTRACT COMPLIANCE & AUDIT UNIT, DPP	(609) 292-5400
OIT EXTERNAL IT PROCUREMENT REVIEW UNIT	(609) 777-3773

This Circular supersedes 16-05-OMB/DPP/OIT governing IT procurements and non-IT equipment procurements. This circular increases the minimum threshold for IT procurement and purchasing restrictions from $5,000 to $50,000.

I. PURPOSE

A. To list the justifications that are required to be met for procurement and purchases under an existing contract of IT hardware, software, and related services (e.g. maintenance, subscription renewals, associated training, programming and consulting services) and non-IT equipment. See IT vs. Non-IT Equipment Guidelines (Attachment B).

B. To establish procedures for continuation payments for maintenance, subscription renewals, rental and lease/purchase of installed IT hardware, software, subscription-based solutions, and related services.

C. To define the dollar thresholds for required review by the Office of Information Technology (OIT) or the Office of Management and Budget (OMB).

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II. POLICY

A. GENERAL

1. This Circular applies to all purchases, including DPA purchases, services and supplies procured through Procurement Bureau term contracts, GSA based contracts, Cooperative contracts, and contracts procured through a waiver of advertising.

2. Like purchases should be aggregated. **Agencies must not divide purchases to fall below any thresholds in order to circumvent the review.**

3. If the procurement or purchase is to be made solely with federal funds, a federal certification form (Attachment C) must be included as part of the package. This certification will permit expedited review from OMB.

4. Regardless of dollar value, all procurements or purchases that primarily use State or dedicated funds will be considered if they meet one of the following justifications:

   a) Denial of the purchase would cause loss of investment or significantly increase future costs.

   b) The purchase is related to a program that is mandated by the federal government, State law, or a court order.

   c) Equipment is demonstrated as failing and, without approval, mission critical business functions would be impacted or halted.

   d) Equipment is needed for ongoing maintenance.

   e) Requests not covered by items a) through d) will be addressed on a case by case basis.

5. Dollar thresholds for OIT/OMB review:

   a) IT purchases whose total dollar value exceeds $50,000 are subject to OIT review and approval, in order to assure compliance with statewide policies and standards. Purchases whose total dollar value exceeds $100,000 are also subject to simultaneous OMB review and approval. Any requested purchase that is more than $50,000 and less than $100,000 is subject to OMB review on an as-needed basis as determined by the Director, OMB. Procurements of less than $50,000 do not require advance approval, but should conform to allowable procurement justifications summarized in Section II.A.4.

   b) Non-IT purchases greater than $40,000 require prior approval from OMB. For equipment valued at less than $40,000, agencies may invoke one of the allowable purchase justifications noted in Section II.A.4 of this Circular, however, that action is subject to a post-audit review by OMB. If an agency is found to be in violation of the letter or spirit of this Circular (exhibiting, for instance, a series of questionable purchases of discretionary items), they will be held to a threshold limit set at the OMB Director's discretion for future purchases. In addition, the Office of the State Comptroller may conduct periodic audits to ensure that agencies are operating within the guidelines and boundaries set by this Circular.

6. Purchases requiring OMB review, made with either State or non-State funds, excluding those purchased solely with federal funds, will be subject to a thorough review of all aspects of the request including, but not limited to, confirmation of account number(s) and available balances, analysis of current/projected fiscal position, documentation of need, and other analyses as needed or required. For federal funds purchases, a summary review will be completed by OMB to ensure the account number is correct and the funding is in place.

7. With the exception of DPA, and excluding purchases made by departments exercising statutory independent procurement authority, DPP will not process any IT-related procurements or purchases as defined herein without the approval of OIT and, if applicable, OMB.

8. GSA procurements for IT are also subject to Circular 13-15-DPP, Purchases from Federal Supply Schedules or Schedules of Other Federal Procurement Programs. Procurements of vehicles are also subject to Circular 16-03-ADM, Procurement of State Motor Vehicles. Line of Credit purchases are

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subject to Circular 04-09-ADM/OMB, Line of Credit Program. Furniture and carpeting purchases are governed by Circular 11-13-DPMC, Procedures for the Acquisition of Furniture and Carpeting. Equipment purchased for road maintenance and construction is not subject to this Circular.

B. IT PURCHASES

1. All IT procurements must conform to OIT's standards and policies, and to approved departmental IT Tactical Plans, as outlined in the OIT IT Procurement Technical Approval Request, except as otherwise approved by the agency's Chief Executive.

2. OIT will fast track its approval process for procurements or purchases over $50,000 for maintenance renewal of existing licenses of shrink-wrapped software (e.g., Adobe Professional, Visio, IBM FileNet) which do not include additional licenses, scope changes, or services, and have a written agreement signed by DPP in place.

> **NOTE:** Due to limitations of the e-Catalog system, OIT cannot distinguish commodity type in purchases in order to exclude items listed in Section 2 (above) from full OIT review. To facilitate a quick turnaround of these orders, agencies should send an e-mail to oitprocurement@oit.nj.gov with the following text in the Subject line: Procurements covered by Circular 17-02-OMB/DPP/OIT. In the body of the e-mail, the agency should list the e-Catalog number(s) of the procurement(s) needing approval. By sending this e-mail, the agency is certifying that the only items contained in this procurement are those listed in subsections a) and b) of this section.

3. OIT will oversee all aspects of IT spending, under current purchasing and budgetary statutes, and guidelines.

4. OIT may conduct periodic audits to ensure that agencies are operating within the guidelines and boundaries set by this Circular.

5. OIT is directed to place special scrutiny on any IT procurements related to infrastructure and data center refurbishment, expansion or the planning and building of new data centers. This is directed to promote consolidation of network and data centers wherever possible and practical.

6. Information submitted to OIT for review must include:

   a) The NJCFS account number(s) being charged for the procurement;

   b) The IT Procurement Technical Approval Request form;

   c) A purchase document or Agency Order or Agency Order Draft that clearly identifies all items to be purchased, and the vendor from which the items are to be purchased;

   d) An explanation and/or justification sufficiently detailed to promote a diligent technical review;

   e) All other requirements specified in the contract Method of Operation, if applicable; and

   f) Required price quotes.

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III. PROCEDURES

A. GENERAL

1. For IT procurements totaling more than $50,000, the agency must submit the IT Procurement Technical Approval Request and supporting documentation to OIT for review and approval. Approval will be noted in OIT's Procurement Tracking Application.

2. For non-IT procurements totaling more than $40,000, the agency must submit a request to OMB for review and approval. Agencies must email justification to equipment@sp3.treas.state.nj.us when funds are pre-encumbered (i.e., requisitioned). The pertinent requisition number must be noted in the subject line of the agency email and the associated NJCFS account number(s) must be mentioned in the body of the submission. Please include all information covered in the Non-IT Procurement request checklist (see Attachment D). OMB will respond by email to the agency, approving or disapproving the request.

3. Term contracts must be used for all procurements when these are available.

   a) Agencies should review all applicable Notices of Award for any special procurement instructions. The final decision should be based on lowest cost, price and other factors considered, e.g. delivery of the product and/or configuration which best satisfies agency requirements.

   b) If the lowest cost or priced vendor is not selected, a Memorandum of Justification must be attached to the purchasing document and retained as part of the record.

4. Delegated Purchase Authority is available for procurements whose dollar value is less than $40,000 in accordance with Circular 16-02-DPP, Delegated Purchasing Authority (DPA).

   > **NOTE**: Pursuant to N.J.S.A. 52:25-23(a), agencies shall not divide purchases exceeding the DPA threshold by vendor, dollar amount, or items purchased, to circumvent the dollar limit imposed.

5. If an existing contract does not meet the Agency requirements, competitive bidding is required for all procurements whose dollar value is greater than $40,000; these requests must be prepared and forwarded to OMB as follows:

   a) Submit either a screen print of the Requisition – Encumbrance (PB/6) or a memorandum requesting establishment of a term contract and bid specifications.

      1) The memorandum must emphasize the using agency's needs, required timeframes, and anticipated use of the item(s) and where applicable a project plan of the initiative must be submitted to support the request.

      2) Specifications must be thorough, accurate, and lend themselves to competitive bidding (do not favor specific brand names or vendors).

   b) Upon approval, the agency should submit the approved request to DPP, which will review the specifications, and upon finalization and approval, will proceed with the formal advertised bidding.

6. Waivers: If an item cannot be competitively procured and exceeds the DPA limit, refer to Circular 11-14-DPP, Requests for Waivers of Advertising, for instructions.

B. CONTINUATION WAIVER PAYMENTS FOR INFORMATION TECHNOLOGY RENTALS, LEASE PURCHASES, MAINTENANCE AND SUBSCRIPTION RENEWALS

1. Each fiscal year, DPP and OIT will contact the primary fiscal and procurement staff from all departments for the purpose of disseminating information and providing assistance to any State public agency that may wish to participate and submit a Waiver of Advertising. This Waiver applies to the continuation payments for rentals, lease/purchases, and maintenance of installed IT hardware and software. Required OIT approval is coordinated by DPP and OIT.

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2. Upon completion and approval of this Waiver, written notifications will be forwarded by DPP and OIT to the appropriate agency contact person with the following information: notice of approved vendor(s) and dollar amount(s), waiver number, and method of operation for issuing orders and processing payments.

NOTE: Any using agency failing to participate in this annual meeting and failing to forward vendor quotations to OIT will be responsible for the submission of an individual Waiver of Advertising to DPP following the procedures as noted above in Section III B.

All waivers requests must be supported by both price negotiation and a summary of cost or price analysis by the requesting agencies.

AGENCIES MUST NOT EXCEED THEIR APPROVED DOLLAR AMOUNT ON THE ANNUAL WAIVER. PROCUREMENTS/PAYMENTS AGAINST THIS WAIVER WILL BE STRICTLY MONITORED BY DPP AND OIT.

C. CURRENT PURCHASING SYSTEM RESTRICTIONS

Approval Authorization is restricted in the purchasing systems on all IT purchases related to this Circular. Only the OIT approval officer will be able to advance an IT related purchase to the final or next approval level, for any purchases exceeding the approval dollar value set forth in this Circular. As a result of these system restrictions:

1. On purchases exceeding the approval dollar value, the requesting department shall initiate the purchase document(s) for the procurement and advance it to the appropriate approval status for subsequent OIT review.

2. The system restrictions will apply to P-Card purchases. Therefore, the agency should avoid "swiping" the card for purchases exceeding the approval dollar value. These transactions will not clear the purchasing system until after OIT approves them.

3. OIT will approve or deny the purchase document(s) in the purchasing system, for further processing by the requesting department.
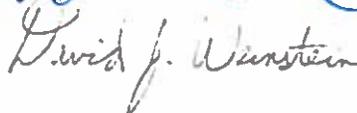

DAVID RIDOLFINO
Acting Director, Office of Management and Budget

8/26/16
DATE
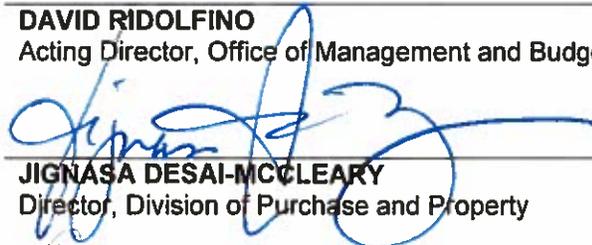
JIGNASA DESAI-MCCLEARY
Director, Division of Purchase and Property

8/26/16
DATE

DAVE WEINSTEIN
Chief Technology Officer

8/22/16
DATE

Attachment A
Procurement Summary
Information Technology (IT) Equipment, Software, Services
Non-IT Equipment

Review Thresholds	OIT	OMB
IT Procurements (Equipment, Software, Subscription-based Solutions, Services)	$50,000	$100,000
Non-IT Equipment Procurements	N/A	$ 40,000
Like purchases should be aggregated. Agencies should not subdivide common purchases simply to avoid the review thresholds.		

Special Considerations
IT procurements made pursuant to a term contract must comply with all requirements listed in the associated Method of Operation.
GSA procurements for IT are also subject to Circular 13-15-DPP, Purchases from Federal Supply Schedules or Schedules of Other Federal Procurement Programs.
Vehicle procurements are also subject to Circular 16-03-DPP, Procurement of State Motor Vehicles.
This process does not apply to furniture or carpeting; see Circular 11-13-DPMC, Procedures for the Acquisition of Furniture and Carpeting.
Line of Credit purchases are subject to 04-09-ADM, Line of Credit Program.

Allowable Procurement Justifications
Purchases utilizing exclusively federal funds must include a federal certification form as part of the review package. Such requests will receive expedited review from OIT and OMB. Failure to include the federal certification form will require a complete review of the request.
Purchases using primarily State or dedicated funds will be considered if they meet one of the following conditions:

- When the project/initiative is ongoing and the disapproval would cause great loss of investment or significantly increase future costs.

- When the purchase is related to a program that is mandated by the federal government, State law, or a court order.

- When equipment or software is demonstrated as failing and without approval, mission critical business functions would be impacted or halted.

- When needed for ongoing maintenance costs.

All other justifications will be reviewed on a case-by-case basis.

Submission Guidelines	IT	Non-IT
Complete documentation as referenced in Policy 17-02 Section II. B. 6	X	
Complete Non-IT Equipment request check list (Attachment D)		X
Complete federal funds certification form, if applicable (Attachment C)	X	X
Submit IT procurements requiring approval to oitprocurement@oit.nj.gov	X	
Submit Non-IT Equipment procurements requiring OMB approval to equipment@sp3.treas.state.nj.us		X

Attachment B
IT vs. Non-IT Equipment Guidelines

I. Information Technology Equipment

Unified Communications (Voice, Video, Data)
Wireless Devices and Services (e.g., Blackberries, smart phones, satellite phones, pagers)
Personal Digital Assistant (PDA)
Telecommunications Infrastructure and Systems (PBXs and associated products and services)
Video Teleconferencing Infrastructure and Systems
Communications Cable, Wire and Associated Products
Voice and Data Lines
Networking Infrastructure and Systems (e.g. Data Switches and Routers)
Radio Communications Equipment and Systems

Computer-Related Office Equipment, Software, Services
Servers/PCs/Laptops/Tablets
MFDs, Printers, Smart Boards and other Peripherals
Fax Machines
Scanners
Imaging and Records Management Systems, See Circular 10-02-OMB, Automated Records Management /Storage Systems and Related Services
Computerized Projection Systems

II. Non-Information Technology Equipment

General Office Equipment (e.g. calculators/adding machines, etc.)
Vehicles
Building Maintenance and Security
Housekeeping
Landscaping
Food Preparation and Serving
Laundering and Cleaning
Medical and Hospital
Classroom Instruction
Agriculture and Conservation
Scientific Study

If in doubt about whether your procurement is IT or non-IT, please contact the OIT External IT Procurement Review Unit.

Equipment purchased for road maintenance and construction is not subject to this Circular.

Furniture and carpeting purchases are governed by Circular 11-13-DPMC, Procedures for the Acquisition of Furniture and Carpeting, and therefore are exempt from this Circular.

Attachment C
Agency Certification for Expenditure of Federal Funds for Equipment

Department: _____   Request Date: _____

Division: _____   Total Amount: _____

Federal Grant Name: _____

Federal Accounts to Be Charged:

Account #: _____   Amount: _____

Account #: _____   Amount: _____

Account #: _____   Amount: _____

Account #: _____   Amount: _____

PO Number: _____

Brief description of items to be purchased (attach separate sheet if necessary): _____

_____

This purchase must be completed by (date) _____ or else (check all that apply):

☐   The Federal grant period will end and funds will no longer be available.

☐   A vendor discount of $_____ will be lost.

☐   The manufacturer's production order deadline will be missed.

☐   Other (attach separate sheet if needed) _____

AGENCY FISCAL OFFICER CERTIFICATION:

The undersigned fiscal officer certifies the following statements to be true and correct:

•   The Federal granting agency has approved this procurement.

•   These funds must be used exclusively for this purpose and cannot be used to reduce State expenditures in any other program or activity.

•   No State matching funds are required as a condition of this federal grant.

Signature: _____

Print name: _____

Title: _____

Phone: _____   Email: _____

Date: _____

Attachment D

Agency Submission Checklist

Procurement of Non-IT Equipment

Please include all the information below with your submission in a cover page or e-mail

Department: _____

Date Prepared: _____

Contact Info: _____

Item(s) Requested   ____

Total Cost of Item(s) Requested   ____

Source of Payment (NJCFS Organization-Level Account)   ____

Justification of Need   ____

Additional Background   ____

Exemption Criteria (more than one may be selected):

1. Dedicated or non-State funds provide significant or sole funding for the initiative and there is a compelling reason for the purchase.   ____

2. Denial of an equipment purchase would significantly increase future costs.   ____

3. The purchase is related to a program that is mandated by the federal government, state law, or a court order.   ____

4. Equipment is demonstrated as failing and, without approval, mission critical business functions would be impacted or halted.   ____

5. Equipment is needed for emergency maintenance or repairs.   ____

Federal Fund Purchases (if applicable):

Agency Certification for Expenditure of Federal Funds for Equipment Form   ____

Vehicle Purchases:

Justification language must include discussion of how requested item(s) will impact the current vehicle fleet # and makeup.   ____

Governor's Office approval if requested item(s) will increase the current vehicle fleet #.   ____