



State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF STATE PURCHASING

M. J. "MIKE" FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

MEMORANDUM OSP 00-02

To: All Department Undersecretaries and Purchasing Personnel
From: Denise Lea, Director
Date: December 15, 1999
Re: **Requests for Brand Name Contracts**

This office is currently revising our procedures for the establishment and continuation of brand name contracts and I am soliciting your cooperation. Our procedures were recently criticized in an Inspector General's report which cited falsified documents, no true intent by some agencies to use the contract, and requesting products the agency has no need for.

As presented at our 1999 Agency Purchasing Seminar, agencies should only submit requests for brand name contracts for which you are *committed* to use. Signing a letter simply on the behalf of a sales representative's request without your purchase commitment is counter-productive for this office. Prior to requesting a new brand name contract, agencies should perform a comparative analysis of offerings on existing brand name contracts versus the requesting vendor's proposed brand based on criteria such as product features, quality, potential savings, and service.

Effective immediately, requests for brand name contracts must be approved and signed by someone *authorized to obligate funds* on behalf of your agency. Letters signed by unauthorized personnel will be returned to the department for review and approval. Agency letters must state:

- *only* those specific items and the applicable packaging that your agency intends to purchase,
- your anticipated annual usage of each specified item, and
- your commitment to purchase from this contract once established.

Additionally, we intend to raise our minimum threshold for maintaining brand name contracts from \$5000 to \$50,000 in annual sales. This course of action was recommended in a performance audit report of Selected State Purchasing Practices. Further, this office reserves the right to set higher sales thresholds and operational requirements for specific commodity areas. For example, brand name microcomputer (PC) contracts must now reflect sales of \$250,000 for year one and \$500,000 for all subsequent contract periods to be considered for continuation. This change heightens the necessity that non-ISIS agencies report their contract usage to this office.

