ADMINISTRATIVE PROCEDURE

SUBJECT: COMPLETION OF PURCHASE REQUISITIONS/SUNDRIES AND ISSUANCE OF PURCHASE ORDERS

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PURPOSE:

To establish procedures that advise District employees of the parameters for completing the documentation required to initiate the purchase of goods, materials, equipment, and service contracts typically subject to competitive bid processes in accordance with Chapter 7.08 of the District’s Code of Regulations.

This procedure primarily focuses on the procedures for completing a Purchase Requisition and the documentation required for a Purchase Order to be issued. Additional information regarding the procedures for professionally meeting the District’s mission and vision statements for the purchase and disposition of goods, materials, equipment, and service contracts are provided in the following complementary documents:

- **Administrative Procedure X-4 (AP X-4) Purchasing/Procurement of Goods, Materials, Equipment, and Service Contracts Subject to Competitive Solicitation Processes.** AP X-4 details the procedures for initiating formal competitive procurements including Invitations to Bid processes, emergency authorization, and sole source awards.

- **Administrative Procedure X-7 (AP X-7) Selection, Approval, and Custody of Professional and Technical Service Contracts.** AP X-7 defines the procedures for the selection of service contactors, including the completion of a competitive Request for Proposal process.

POLICY:

These procedures have been established to document the roles and responsibilities for generating purchase requisitions in order to ensure that the supplies and services, required to support the ongoing activities of the District, can be purchased as efficiently as possible; in an open, competitive, fair manner, and without conflict of interest or possibility or appearance of impropriety, or improper business relationships; and in compliance with all applicable laws and regulations.
RESPONSIBILITY:

This procedure describes the roles and responsibilities related to procurements requiring the completion of a Purchase Requisition and the issuance of a Purchase Order.

Departments are responsible for completing the Purchase Requisition and ensuring the appropriate order details, approvals, and insurance information are included prior to submitting the document to the Purchasing Officer.

The Finance Department is responsible for the timely processing of Purchase Requisitions and the issuance of Purchase Orders, providing that the District’s purchasing procedures have been followed.

TERMINOLOGY:

*Designated Clearinghouse:* The District established a process in 2005 for routing Purchase Requisitions through an individual designated as the official “clearinghouse” for each Department/Division. (This is typically the Administrative Analyst responsible for the specific budget.) The clearinghouse is responsible for verifying that the listed account codes are appropriate for the type of expenditure and that sufficient budget exists to accommodate the expenditure. Once confirmed, the clearinghouse should initial the account string(s) and forward the Purchase Requisition on to the appropriate staff for approval.

*Informal Bid:* A less formal bid process to obtain lowest responsive, responsible bidder or price, as defined by Government Code. These processes can be advertised at the District’s discretion in a newspaper and on the District’s website. This provides an Invitation to Bid process without the formal public advertising and public bid opening and may be utilized for procurements approved at amounts up to $20,000.

*Invitation to Bid:* Formal process to obtain lowest responsive, responsible bidder or price as defined by Government Code. An Invitation to Bid is typically used for purchase of goods and materials or awarding maintenance, repair, operations and construction contracts in excess of $20,000. Staff requesting the initiation of competitive solicitations should: 1) notify the Purchasing Officer; and 2) obtain prior authorization from the appropriate level of management specified through the District’s Authority Matrix prior to release of bid/proposal documents.

*Purchase Requisition:* A document transmitting the need of the initiating department to Purchasing and serves as authorization for preparation of a Purchase Order. (Example provided as Exhibit A.)

*Purchase Order:* A document and official offer issued by the District’s Finance Department to a seller, indicating types, quantities, and agreed prices for products or services. It is to be used to control the purchasing of products and services from external suppliers. Acceptance of a Purchase Order by a seller forms a contract between the District and seller; no formal agreement exists until
the purchase order is accepted by the seller. A Purchase Order should be requested prior to initiating a check request and should always be issued prior to the receipt of any product or service.

**Quotes:** A procurement process, used in conjunction with informal bids, which does not require public notice, advertising or sealed bid process with public opening. These processes can be advertised at the District’s discretion in a newspaper and/or on the District’s website. Quotes can also be based on prices published on a company’s website or received by telephone. Quotes should align with the requested purchase and should not be modified to add or delete additional items as this could void the vendor’s price commitment. When possible, the quote should also contain an expiration date.

**PROCEDURES:**

I. **Purchase Requisition**

   A. **General.** The department requesting a Purchase Order should initiate the process by submitting a Purchase Requisition to Purchasing, allowing adequate time for document review and the potential to address necessary revisions, prior to the issuance of a system-generated Purchase Order.

   B. **Document Completion.** The following information is presented to better define the information to be entered within each section of the Purchase Requisition, and to identify which sections are to be completed by the requesting department, which are optional, and which will be completed by Purchasing:

   - **Vendor Name and Address and, if available, Phone Number or Email Address:** The requesting department should list the vendor’s name, billing address, and (if available) a phone number or email address for follow-up.

   - **Delivery Location:** The requesting department should list the name and address of the District facility where the goods or services are to be delivered. Purchasing will add the applicable financial system delivery code to expedite processing.

   - **Vendor’s Department of Industrial Relations (DIR) Registration Number:** This field only applies to Public Works Contractors and Sub-Contractors who are providing services amounting to over $1,000 and are subject to prevailing wage requirements. This includes construction, alteration, demolition, installation, maintenance, or repair work done under contract. With minimal exceptions, the District may not accept a bid or enter into a contract for public work with an unregistered contractor.

The Purchasing Officer is responsible for: 1) notifying potential contractors that they must register with DIR for any project subject to DIR enforcement, 2) obtaining proof of contractor registration before accepting a bid or awarding a
contract, and 3) registering the related public works project details with DIR within five business days of the award.

If the contractor has reported their DIR registration number on the bid or contract, the requesting department shall complete this field on the purchase requisition. Please contact the Purchasing Officer if you have questions about whether this requirement is applicable to a specific procurement. For additional information visit [http://www.dir.ca.gov/public-works/publicworks.html](http://www.dir.ca.gov/public-works/publicworks.html) or contact the Purchasing Officer.

- **Terms:** This field will be completed by Purchasing. It applies to the payment terms for the invoice, which usually defaults to “Net 30” meaning that payment of the net amount (the total outstanding on the invoice) is expected within 30 days of when the goods are dispatched by the vendor or service is complete.

- **F.O.B. Information:** This field will be completed by Purchasing. For reference, Free on Board (F.O.B.) is a delivery term indicating when the responsibility shifts from the seller to the buyer. The most common response is “Destination” meaning that the District will accept responsibility for the goods when received at the listed delivery location.

- **Purchasing Approval:** For Purchasing Officer’s signature.

- **PO#:** This field will be completed by Purchasing. Purchasing will list the Purchase Order (PO) Number on this form when generated by the District’s financial system for reference.

- **Comments:** This field is provided for the requestor to provide additional information, as needed.

- **Description:** This section of the Purchase Requisition is where the specific details of the item(s) to be purchased are described. Each line should include the quantity, unit type (such as: each, box, dozen, etc.), and description of what is to be purchased, the unit price, and the extended amount per line item. It is important that a price be listed for each line, or if an item is to be provided free of charge that it be referenced as such (e.g., $0 or N/C for No Charge).

**Note:** Purchase Requisitions for computer hardware and software must be accompanied by an approved Computer Hardware/Software Purchase Request form (see Administrative Procedure I-4).

- **Subtotal:** The requestor should confirm that this amount equals the total of the individual line items, and should be verified by the Department’s designated clearinghouse person.
• **Shipping & Handling:** To be completed if the vendor has estimated shipping. Shipping charges are not taxable if listed separately on the invoice. If combined with handling, shipping does become taxable as it is considered a necessary element of the sale. (If shipping charges are not provided as part of the quote or if you’re unclear how to identify the tax implications, the Purchase Requisition can be forwarded with the field left blank.)

• **Taxable Subtotal:** This is the total of taxable items, including shipping. Exclude non-taxable items, such as labor or services.

• **Tax:** The District is responsible to pay taxes for all goods and materials received, even if not invoiced by the vendor. The requestor should note the applicable sales tax on the Purchase Requisition, which is to be calculated based on the tax in effect for the location where the goods will be received. This often varies by city. (Please contact Purchasing if you would like to confirm the current tax rate or whether the specific purchase is taxable.)

• **Freight:** Complete this field if the vendor has identified the delivery charge as freight. Freight is generally non-taxable and usually applied to the delivery of bulk goods. Freight does become taxable if combined with handling. (If an estimate is not provided as part of the quote, the purchase requisition can be forwarded with the field left blank.)

• **Total Not to Exceed:** Total anticipated cost of purchase.

• **Quotes:** AP X-4 provides for purchases of over $2,000 and up to $20,000, excluding tax and shipping/freight, to be awarded based on competitive quotes. Quotes are to be obtained by the department initiating the request, must be specific to the order, and should not have line items added or deleted as the change could void the vendor’s commitment. (Purchases of over $20,000 must be awarded via a formal Invitation to Bid or Request for Proposal Process, as defined under AP X-4 and AP X-7, respectively.)

If awarding a Purchase Order based on quotes, the requestor should complete this section of the Purchase Requisition, providing the following:

- For printed, emailed or web-based quotes: attach the quotes and note “Quotes Attached” on the Purchase Requisition.
- For quotes obtained via telephone: list the name of the vendor providing the quote, the date the quote was received, and the dollar amount of the quote (including applicable tax and shipping/freight).
The following requirement for the number of quotes has been established based on the cost of the purchase (before tax and freight):

- $\leq 2,000$ no quote required, but the purchaser takes responsibility for protecting the District’s best interests and making the most cost-effective purchase.
- $2,001 \leq 5,000$ requires two quotes, which may be obtained in writing, by internet, or by telephone.
- $5,001 \leq 10,000$ requires three quotes, which may be obtained in writing, by internet, or by telephone.

Purchases between $10,001 \leq 20,000$ require three informal bids, which must be specific to the District and provided in writing. (Internet and/or telephone-based quotes cannot be accepted for awards over $10,000.)

The Purchasing Officer may approve a reduction in the number of required quotes if requested by the initiating department and if the Purchasing Officer is satisfied that additional quotes will not result in a lower price. Where appropriate, the quote/informal bid should include written scopes of work, a project schedule or timeline and all appropriate insurance and indemnification of standard District terms and conditions.

- **Award Based on Government Agency or Cooperative:** As an alternative to a District-conducted procurement, an award may be recommended based on bids received through a publicly-advertised procurement conducted by the state or by another government agency, alliance or cooperative purchasing agreement. Information regarding the alternative process (e.g., name of cooperative agreement and the related contract number) must be noted on or referenced as an attachment to, the purchase requisition.

Pre-approval to use the alternative procurement process must be obtained prior to the award, and a copy of the authorization must be attached to the purchase requisition. Awards for amounts over $100k must be pre-approved by the Board of Directors. Awards for amounts of $100k or below should be pre-approved at levels consistent with staff delegated authority for sole source procurement.

- **Individual(s) Authorized to Approve Invoices:** List the name of the employee(s) authorized to approve payment of the resulting invoice(s).

- **Account #:** List the account number(s) to be charged. If referencing multiple accounts, please indicate the appropriate allocation of items and/or amounts. This section should be reviewed and initialed by the applicable clearinghouse person to confirm the account numbers and available budget. (If referencing a new account string, please contact the Accounting Manager to request that the account be opened prior to submitting the Purchase Requisition.)
• **Requisition Date:** The requesting department should list the date that the requisition is routed for approval.

• **Requested By:** Please list the name of person initiating the request, so that a copy of the resulting Purchase Order can be provided, and so that Purchasing knows who to contact to obtain clarifying information, if needed.

• **Approval Signatures:** Signatures certifying approval are required to align with the delegated authority levels established by the District’s Authority Matrix:

  - ≤ $15,000 Division Managers, or as delegated to staff
  - ≤ $30,000 Department Directors
  - ≤ $50,000 Assistant General Managers
  - ≤ $100,000 General Manager
  - Over $100,000 Division/Department Manager (with a copy of the Board-approved docket attached to the Purchase Requisition, and copies of the Purchase Requisition provided to the Director, Assistant General Manager, and General Manager by the initiating department, as per the Authority Matrix)

• **Insurance Requirements:** The department requesting the procurement is responsible for securing all required insurance documents from the vendor. These documents must be forwarded to Purchasing Officer (or to the Risk Management Officer when requesting a waiver), and approved prior to the issuance of a PO and commencement of work on District property.

The Department initiating a Purchase Requisition must check at least one box in the Insurance Requirements section prior to submitting the document to Purchasing. Options A and B are defined as follows:

**A. No Insurance Required:** This applies to purchases where there is no concern of liability, such as goods and materials, memberships, off-site training, routine services performed offsite, etc.

**B. Insurance Required (Services):** This section applies to all procurements of services, and one of four subsections must also be selected.

1. **Found and Compliant in EBiX:** The initiating department has confirmed that the vendor’s insurance has been located within the District’s third-party insurance compliance system (EBiX) and all insurance policies are current.
2. Found in EBiX System, Compliant w/Waiver Approved: The requesting department has confirmed that the vendor is listed in EBiX as not requiring insurance, as previously waived by the Risk Management Officer.

3. New Vendor, Insurance Documents Attached: The initiating department will attach the appropriate insurance documents. Purchasing will enter the insurance information into EBiX to initiate the compliance process for all new vendors.

4. Priority Issuance Requested: EBiX requires five working days from the date they receive a vendor’s insurance information to process the information and reflect compliance in their system. This box should be checked when the need to procure goods or services, for new vendors or vendors with expired insurance, outweighs the risk that EBiX may find the vendor non-compliant. The initiating department is still required to obtain the insurance documents and attach them to the Purchase Requisition being submitted.

- Page Numbers: If completion of the Purchase Requisition requires multiple pages, please reference page numbers in the fields at the bottom, right hand corner of the form (e.g., Page 1 of 2, Page 2 of 2).

II. Purchase Orders

Once the Purchase Requisition is entered into the financial system, a Purchase Order is generated. The PO is the vendor’s authority to perform services or ship goods and receive payment. It is also the District’s commitment for the value of goods and services and acceptance of a bid quotation or offer. A contractual relationship is established upon its issuance and acceptance by the vendor. Purchase Orders typically expire at the end of a fiscal year.

A. The following lists the types of Purchase Orders issued by the District:

1. Standard Purchase Order. A standard Purchase Order (Exhibit B) is used when standard terms and conditions satisfy District requirements for the purchase of goods or services (e.g., commodities, some limited technical services). Purchase Orders are produced by Purchasing based on receipt of completed, authorized Purchase Requisitions. Blanket Purchase Order. Blanket Orders (sometimes referred to as Standing Orders) are issued when economically advantageous for ordered materials, supplies, services and equipment during a specific fiscal period. The Purchasing Officer will review prices at least bi-annually to ensure District Blanket Orders are
placed with competitive vendors. Blanket Orders will generally specify the price, terms, conditions and period covered.

2. **Convenience Blanket Purchase Orders.** Convenience Blankets have the requirement that every invoice charged to the Purchase Order be in amounts of $2,000 or less, and the total fiscal year authority shall not exceed $10,000. These Purchase Orders will be identified with the letter “C” in the assigned number.

3. **Confirming Purchase Order.** Confirming Purchase Orders are primarily issued by Purchasing when refilling items regularly stocked within Stores.

4. **Contractual Service Order.** A Contractual Service Order (CSO) is used for development of complex scopes of work, special conditions or requirements or where District contracts have been executed. The CSO is used when standard Purchase Order terms and conditions do not satisfy the District’s needs (e.g. for professional services) as further described within Administrative Procedure X-7).

**B. Multiple Purchase Orders**

1. **Piecemealing Purchase Orders.** The issuance of multiple Purchase Orders to circumvent a designated authority level is strictly forbidden. Issuing multiple Purchase Orders to a single vendor, which accumulate an aggregate total of more than the related Assistant General Manager’s purchasing authority for a single project or activity, must be approved by the General Manager or their designee, and those with an aggregate total of more than the authority delegated to the General Manager for a single project/activity must be approved by the Board of Directors.

2. **Multiple Purchase Orders.** In advance of the beginning of each fiscal year, the Purchasing Officer will provide to the General Manager, Assistant General Managers, Department Directors and Division Managers a list of any vendors with multiple Purchase Orders, which, in the aggregate, exceed the General Manager’s Board-delegated authority.

**C. Revisions to Purchase Orders**

Once issued, any request made by a department to Purchasing for modification to an issued Purchase Order (such as adding account numbers, increasing the dollar authorization, etc.) should be reviewed by the applicable clearinghouse staff. Approval should align with the Authority Matrix, as referenced on page 7.
III. **Sundry Purchase Order**

A handwritten Sundry Purchase Order (Exhibit C) may be used by authorized personnel for miscellaneous goods and materials purchased with a total cost not to exceed $2,000 plus sales tax and freight. Sundry Purchase Orders are pre-printed documents that can be issued directly to a vendor for one-time purchases. While competitive solicitations are not required for purchases under $2,000 it remains the responsibility of all District staff to demonstrate fiduciary responsibility to assure that all procurements provide good value to the District throughout the procurement process. A copy of the form must be approved by the issuer’s supervisor and forwarded to the Purchasing Division within five business days after date of purchase. Services, including training, are not to be acquired on Sundry Purchase Orders at any time, due to the lack of insurance and indemnification language associated with these purchases.

**RESPONSIBILITY:**

A. It is the responsibility of each department/division to follow the provisions of this Administrative Procedure.

B. It is the responsibility of the Finance Department to administer the provisions of this Administrative Procedure.

**APPROVED:**

Jerry Brown  
General Manager  

JB/DC  

Attachments:  Exhibit A – Purchase Requisition  
Exhibit B – Purchase Order  
Exhibit C – Sundry Purchase Order