Chapter 1

 Purchasing Authority

Table of Contents

[Chapter 1 3](#_Toc32482787)

[Purchasing Authority Goods & Services\* 3](#_Toc32482788)

[Introduction 3](#_Toc32482789)

[Section A 4](#_Toc32482790)

[Purchasing Authority Information 4](#_Toc32482791)

[Introduction 4](#_Toc32482792)

[Topic 1 – Purchasing Authority Basics 4](#_Toc32482793)

[1.A1.0 Authority to Delegate Purchasing Authority 4](#_Toc32482794)

[1.A1.1 Program Oversight 4](#_Toc32482795)

[1.A1.2 Must State Departments Have Purchasing Authority? 4](#_Toc32482796)

[1.A1.3 State Departments with Purchasing Authority 5](#_Toc32482797)

[1.A1.4 Purchasing Authority (PA) Number (NEW!) 5](#_Toc32482798)

[1.A1.5 When is the PA Number Used? 5](#_Toc32482799)

[1.A1.6 Purchasing Authority Reviews (NEW!) 6](#_Toc32482800)

[1.A1.7 Rescission or Reduction of Purchasing Authority 6](#_Toc32482801)

[1.A1.8 Contact PAU 6](#_Toc32482802)

[Topic 2 – Scope of Purchasing Authority 7](#_Toc32482803)

[1.A2.0 Acquisition Methods and Dollar Thresholds 7](#_Toc32482804)

[1.A2.1 Creating Leveraged Procurement Agreements (LPA) 7](#_Toc32482805)

[1.A2.2 “Competitive” Purchasing Authority 8](#_Toc32482806)

[1.A2.3 Exceeding Purchasing Authority Thresholds 10](#_Toc32482807)

[Topic 3 – Purchasing Authority Standards 11](#_Toc32482808)

[1.A3.0 General Standards 11](#_Toc32482809)

[1.A3.1 Designated Agency Officer and Purchasing Authority Contact 11](#_Toc32482810)

[1.A3.2 PCO and PAC information 12](#_Toc32482811)

[1.A3.3 Written Departmental Procurement Policies and Procedures 12](#_Toc32482812)

[1.A3.4 Small Business Procurement and Contract Act 13](#_Toc32482813)

[1.A3.5 Procurement Training 13](#_Toc32482814)

[1.A3.6 Controlling and Reviewing purchasing practices 13](#_Toc32482815)

[1.A3.7 Auditing Purchasing Activities 14](#_Toc32482816)

[1.A3.8 Sub-delegating within the agency 14](#_Toc32482817)

[1.A3.9 Ethics and Conflicts 14](#_Toc32482818)

[1.A3.10 Separation of Duties 15](#_Toc32482819)

[1.A3.11 Reporting Requirements 15](#_Toc32482820)

[1.A3.12 Audits 15](#_Toc32482821)

[1.A3.13 Americans with Disabilities Act (ADA) 16](#_Toc32482822)

[1.A3.14 Conflict of Interest (COI) 17](#_Toc32482823)

[1.A3.15 Obtaining Other Required Approvals 18](#_Toc32482824)

[1.A3.16 Procurement Personnel 18](#_Toc32482825)

[1.A3.17 Availability of Procurement Files and Related Information 18](#_Toc32482826)

[Topic 4 – Purchasing Authority Roles and Responsibilities 19](#_Toc32482827)

[1.A4.1 Lead Staff 19](#_Toc32482828)

[1.A4.2 Buyer and Incidental Buyer 19](#_Toc32482829)

[1.A4.3 SB/DVBE Advocate 19](#_Toc32482830)

[1.A4.4 ADA Coordinator 20](#_Toc32482831)

[1.A4.5 Reasonable Accommodation Procurement Coordinator 20](#_Toc32482832)

[1.A4.6 CAL-Card Coordinator 21](#_Toc32482833)

[1.A4.7 Receiving Staff 21](#_Toc32482834)

[Topic 5 – Role Mapping 22](#_Toc32482835)

[1.A5.0 Role Mapping Requirement 22](#_Toc32482836)

[Topic 6 – Deficiency Notices 23](#_Toc32482837)

[1.A6.0 General 23](#_Toc32482838)

[1.A6.1 Allegations of Non-Compliance 23](#_Toc32482839)

[1.A6.2 Audit Findings 23](#_Toc32482840)

[1.A6.3 Researching Allegations 23](#_Toc32482841)

[1.A6.4 Corrective Action Plan 24](#_Toc32482842)

[Topic 7 – Applying for New Purchasing Authority 25](#_Toc32482843)

[1.A7.0 Requesting NEW Purchasing Authority 25](#_Toc32482844)

[1.A7.1 Approval of a Purchasing Authority Application (PAA) 25](#_Toc32482845)

[1.A7.2 The Purchasing Authority Number 25](#_Toc32482846)

[1.A7.3 Renewing Existing Purchasing Authority 25](#_Toc32482847)

[Topic 8 – Changes to Purchasing Authority 26](#_Toc32482848)

[1.A8.0 General 26](#_Toc32482849)

[1.A8.1 When Must a PACR Be Submitted? 26](#_Toc32482850)

[1.A8.2 Requesting an Increase to Purchasing Authority 26](#_Toc32482851)

[1.A8.3 Conditions and differences for Increase Requests 27](#_Toc32482852)

[Topic 9 – Procuring for Another Department (Secondary Department) 30](#_Toc32482853)

[1.A9.0 Procuring for Another Department (Secondary Department) 30](#_Toc32482854)

[1.A9.1 Requesting Authority to Procure for Another Department 30](#_Toc32482855)

[1.A9.2 Conditions for Requesting Authority to Procure for Another Department 30](#_Toc32482856)

[Section B 32](#_Toc32482857)

[Procurement Policies and Procedures 32](#_Toc32482858)

[Overview 32](#_Toc32482859)

[Introduction 32](#_Toc32482860)

[Topic 1 – Purpose of Department Procurement Policies and Procedures 33](#_Toc32482861)

[1.B1.0 Statutory Requirement 33](#_Toc32482862)

[1.B1.1 Purpose 33](#_Toc32482863)

[1.B1.2 Policy vs. Procedure 33](#_Toc32482864)

[Topic 2 – Characteristics of Good Policies and Procedures 35](#_Toc32482865)

[1.B2.0 Goal 35](#_Toc32482866)

[1.B2.1 Degree of Detail 35](#_Toc32482867)

[1.B2.2 Key Features 35](#_Toc32482868)

[1.B2.3 Good Policies 35](#_Toc32482869)

[1.B2.4 Good Procedures 36](#_Toc32482870)

[1.B2.5 Writing Style 36](#_Toc32482871)

[1.B2.6 Tips for a Useful Manual 37](#_Toc32482872)

[Section C 38](#_Toc32482873)

[Resources 38](#_Toc32482874)

[Chapter 1 Resources 38](#_Toc32482875)

## Chapter 1

## Purchasing Authority Goods & Services\*

### Introduction

Statutory authority for purchasing non-information technology (non-IT) goods and information technology (IT) goods and services for State government resides with the Department of General Services (DGS), Procurement Division (PD). The California Department of Technology (CDT) has statutory authority to conduct acquisitions for reportable IT projects. This chapter addresses acquisitions conducted under DGS authority only.

DGS also has statutory authority to grant purchasing authority to state departments. Those departments must meet requirements provided by law, demonstrate the capability to make purchases adhering to all other policies and procedures, and make decisions that are in the best interest of the State. DGS is responsible for the purchasing authority it grants. Within DGS/PD, the Purchasing Authority Unit (PAU) is the entity responsible for the delegating and monitoring of purchasing authority granted to state departments.

\*Purchasing Authority for non-IT services is only applicable under the Leveraged Procurement Agreement (LPA) program and is in addition to the contract approval required under PCC 10335(a) and 10295. For all other Non-IT services, refer to SCM Volume 1.

## Section A

### Purchasing Authority Information

### Introduction

This section describes:

* what is included and not included under purchasing authority,
* the program requirements, and
* what is necessary to obtain and maintain purchasing authority.

#### Topic 1 – Purchasing Authority Basics

##### 1.A1.0 Authority to Delegate Purchasing Authority

The delegation of purchasing authority for non-IT goods is governed by Public Contract Code (PCC) sections 10308, 10309, 10331, 10332, 10333, and 10290.1\* and 12100 for IT goods and services.

Purchasing Authority for transactions with the Prison Industry Authority (PIA) is authorized by PCC 10332(c) and Penal Code 2807.

\*Includes non-IT services for LPA transactions.

##### 1.A1.1 Program Oversight

The Purchasing Authority Unit (PAU) within the DGS Procurement Division (PD) is responsible for oversight of the purchasing authority program on a statewide basis, including review and approval of purchasing authority applications, monitoring of departments granted purchasing authority, and increases to, as well as decreases to purchasing authority dollar thresholds.

PAU does not have oversight over:

* Acquisitions/transactions conducted by DGS/PD.
* Acquisitions/transactions conducted by or under the oversight of the California Department of Technology under the authority granted in PCC 12100 and 12120.
* Non-IT service acquisitions (except transactions executed under a Leveraged Procurement Agreement [LPA]).
* Departments with exemption status from DGS.

##### 1.A1.2 Must State Departments Have Purchasing Authority?

Unless stated otherwise in statute, state departments that are subject to DGS oversight and functioning without approved purchasing authority are prohibited from the following:

* Non-IT goods purchases exceeding $100.00 (PCC10308).
* IT goods and services of any dollar value, including IT Inter-Agency Agreements (IAA)
* Purchases made against any Leveraged Procurement Agreement.
* Participation in the CAL-Card Purchase Card Program.

State departments may conduct the following purchasing activities under other authorities (outside of DGS/PD purchasing authority):

* Non-IT goods under $100.00 (PCC 10308) (except those executed under a LPA).
* Telecommunications goods and services pursuant to PCC 12120.
* Non-IT services pursuant to SCM Volume 1.
* IT goods and services pursuant to PCC 12100 that are related to a reportable IT project, as defined by the State Administrative Manual (SAM) section 4800.
* Non-IT goods over $100.00 that are exempt from DGS oversight pursuant to specific laws and/or executive orders that exempt certain state departments and/or certain types of contracts from DGS/PD purchasing authority.

**Exception:** The Statewide Technology Procurement Division (STPD) at the California Department of Technology may utilize LPAs when conducting acquisitions on behalf of state departments for contracts related to a reportable IT project. STPD does not need purchasing authority from DGS for use of LPAs pursuant to PCC 12100 et seq.

##### 1.A1.3 State Departments with Purchasing Authority

Refer to the [Resources](#Resources) section at the end of this chapter for a link to Purchasing Authority Approval Letters (PAALs) for state departments with approved purchasing authority.

##### 1.A1.4 Purchasing Authority (PA) Number (NEW!)

The PA number is assigned upon approval of the Purchasing Authority Application (PAA) by the PAU. This number will remain unchanged unless circumstances warrant a change (such as a reorganization or consolidation of departments).

##### 1.A1.5 When is the PA Number Used?

The purchasing authority profile that is maintained by the PAU will identify the PA number for each state department as well as the authorized purchasing authority acquisition methods and dollar thresholds associated with each PA number. The PA number needs to be entered in the “comments” field of the Purchase Order when a procurement is done under delegated Purchasing Authority.

##### 1.A1.6 Purchasing Authority Reviews (NEW!)

Pursuant to PCC 10331, purchasing authority granted to state agencies are subject to annual review by DGS/PD. In addition to DGS/PD’s review, departments are subject to audits pursuant to PCC 10333 (b) which is conducted by DGS Office of Audit Services (OAS).

The Purchasing Authority Unit (PAU) will conduct reviews of purchasing authority granted to state departments based on a schedule prepared by the PAU. This schedule will complement the DGS/Office of Audit Services’ (OAS) audit schedule so that the audit and Purchasing Authority Review are not conducted at or near the same timeframe. This will also give ample time for state departments to make necessary corrections to audit findings prior to the PAU review. PAU review schedules are subject to change. If this occurs, departments will be notified at least 60 days in advance.

PAU will not conduct reviews during the months of May, June, and July due to heavy workload at state departments during these months. Additionally, reviews will not occur during November or December due to holiday schedules.

PAU will utilize the assessment tool found in the [Resources](#Resources) Section at the end of this chapter to conduct the Purchasing Authority Review.

##### 1.A1.7 Rescission or Reduction of Purchasing Authority

DGS/PD reserves the right to rescind or reduce any purchasing authority at any time.

##### 1.A1.8 Contact PAU

After seeking guidance internally, such as contacting either a Procurement and Contracting Officer (PCO) or a Purchasing Authority Contact (PAC), contact the PAU for assistance regarding any aspect of purchasing authority and/or any purchasing activities authorized under purchasing authority granted by DGS/PD PAU.

Questions may be electronically mailed to the PAU at pams@dgs.ca.gov.

This mailbox is monitored daily and a response can be expected within 24 hours or a reasonable amount of time to provide a detailed response to the submitted question.

#### Topic 2 – Scope of Purchasing Authority

##### 1.A2.0 Acquisition Methods and Dollar Thresholds

Purchasing authority dollar thresholds are tied to acquisition methods. Some acquisition methods are complex and considered high risk while others are not; this is a factor for assigning varied dollar thresholds.

The Purchasing Authority Unit (PAU) determines the appropriate dollar thresholds for state departments based on factors detailed in this chapter of the SCM. State departments are each issued a Purchasing Authority Approval Letter (PAAL) that explains the specific authority granted dollar thresholds vary by state department.

Most dollar thresholds identified throughout the SCM exclude sales and use tax, finance charges, postage, and handling charges. Shipping charges are also excluded from the dollar threshold limits unless the shipping charge is included in the evaluation such as FOB Origin, Freight Collect, or FOB Destination. The exception to this policy are dollar thresholds established by law or by another state’s cooperative agreement and where fees and charges are not specifically exempt from the dollar threshold.

The maximum dollar threshold for the Small Business/Disabled Veterans Business Enterprise (SB/DVBE) Option acquisition method includes all taxes, fees and charges.

##### 1.A2.1 Creating Leveraged Procurement Agreements (LPA)

Pursuant to Public Contract Code (PCC) 10290-10290.3, 10298-10299; 12101.5, state departments are not authorized to create LPAs when conducting acquisitions under purchasing authority granted by the DGS/PD PAU.

##### 1.A2.2 “Competitive” Purchasing Authority

“Competitive” purchasing authority is generally granted at lower dollar levels than Leveraged Procurement Agreement (LPA) purchasing authority due to the complexity and risk associated with these acquisitions.

**NON-IT GOODS AND SERVICES**

**Competitive Levels**

**Characteristics**

**Minimum**

Between

$100.00 and $4,999.99

* Lowest dollar threshold of authority available.
* Low risk.
* Advertising in the California State Contracts Register (CSCR) is not required.
* No formal protests are available to suppliers.
* The Fair and Reasonable procurement method is commonly used at this level.
* Phone quotes are acceptable.
* Appropriate for state departments with a small procurement office and that conduct very few, low dollar value procurements.

**Standard 1**

Between $4,999.99 and $50,000.00

* Informal level.
* Phone quotes are acceptable in certain circumstances.
* Written solicitations are advisable but not required in certain circumstances.
* Advertising in the CSCR is not required.

**Standard 2**

Between

$50,000 and $100,000

* Informal level.
* Written solicitation is required.
* Advertising in the CSCR is required.
* Departments must be granted Standard 1 level of authority and have experience conducting procurement activities at this level prior to applying for authority to conduct at Standard 2 level.

**Formal**

Above $100,000.00

* Formal level.
* Written solicitation (Invitation for Bid) is required.
* Advertising in the CSCR is required.
* Protest provisions are required.
* Award to Other Than Low Bidder procedures apply.
* Departments must be granted Standard 2 level of authority and have experience conducting procurement activities at this level prior to applying for authority to conduct formal procurement activities.

**IT GOODS AND SERVICES**

**Competitive Purchasing Authority Level**

**Characteristics**

**Minimum**

$0.00 and $4,999.99

* Lowest dollar threshold of authority available.
* Low risk.
* Advertising in the California State Contracts Register (CSCR) is not required.
* No formal protests are available to suppliers.
* The Fair and Reasonable procurement method is commonly used at this level.
* Phone quotes are acceptable.
* Appropriate for state departments with a small procurement office and that conduct very few, low dollar value procurements.

**Standard 1**

Between $5,000.00 and $500,000.00

* Informal level.
* Phone quotes are acceptable for IT goods transactions valued less than $50,000.00
* Written solicitations are required for:
* Any IT service transaction that exceeds $4,999.99.
	+ Any IT goods transaction that exceed $50,000.00
	+ Any IT goods and services transaction where the service portion exceeds $4,999.99.
* Advertising in the CSCR required for IT goods in excess of $50,000 and for IT services in excess of $4,999.99
* Departments must be granted this level of authority and have experience conducting procurement activities at this level prior to applying for authority to conduct at Standard 2 level.

**Standard 2**

$500,000 and $1,000,000

* Informal level
* Phone quotes are not permissible.
* Written solicitation is required.
* Advertising in the CSCR is required.
* Departments must be granted Standard 1 level of authority and have experience conducting procurement activities at this level prior to applying for authority to conduct at Standard 2 level.

**Forma**l

Above $1,000,000

* Formal level.
* Dollar threshold for formal solicitations is granted on a case-by-case basis.
* Written solicitation (Request for Proposal) is required.
* Advertising in the CSCR is required.
* Protest provisions are required.
* Award to Other Than Low Bidder procedures apply
* State departments must be granted Standard 2 level of authority and have experience conducting procurement activities at this level prior to applying for authority to conduct at Formal level.

##### 1.A2.3 Exceeding Purchasing Authority Thresholds

State departments may not execute a Non-Competitively Bid (NCB) contract, release a solicitation (such as an Invitation for Bid, Request for Quote, or Request for Offer), nor execute any other type of contract that exceeds or is expected to exceed the state department's approved purchasing authority. Exceptions and options are listed below:

1. Emergency contracts (natural disaster) as defined by PCC 1102, 10340, 10302, 12102, and 12102.1 may exceed a state department’s purchasing authority dollar thresholds without prior approval.
2. Transactions that are subject to DGS oversight and that exceed or are expected to exceed a state department's purchasing authority must be submitted to the DGS/PD as followings (choose one):
3. Requisition to the One-Time Acquisitions Unit (OTA). For instructions refer to Section C of this chapter for links to the:
* One-Time Acquisitions Webpage
* FI$Cal’s Job Aids/FAQ Webpage

OR

1. Purchasing Authority Increase Request (PAIR) to the Purchasing Authority Unit (PAU). Requests must not exceed maximum dollar thresholds noted in Illustration I of this chapter.

#### Topic 3 – Purchasing Authority Standards

##### 1.A3.0 General Standards

The standards noted herein are requirements in order to be granted and maintain purchasing authority from DGS/PD.

Departments granted purchasing authority are responsible and accountable for all procurement activities conducted under their approved purchasing authority, regardless of where the procurement activity occurs.

Each department accepts responsibility for its purchasing program which includes but is not limited to:

* Ensuring the necessity of products and services acquired.
* Securing appropriate funding.
* Complying with all applicable laws, regulations, executive orders, policies, procedures, and best business practices.
* Executing purchase documents that are in the state's best interests.

Responsibility for a department's purchasing program resides primarily, but not solely, with the department's executive and management staff. Responsibility also resides with all departmental staff involved in the procurement.

##### 1.A3.1 Designated Agency Officer and Purchasing Authority Contact

**The department’s responsibilities:**

PCC 10333(a)(1) “Designates an agency officer as responsible and directly accountable for the agency’s purchasing program.”

The department director will designate a Procurement and Contracting Officer (PCO).

1. Must be a member of the Executive Team (CEA and above):
* Agency Secretary
* Agency Undersecretary
* Department Director
* Department Deputy Director
* Chief Executive Officer (Boards, Commissions)
* Assistant Chief Executive Officer
* Deputy Director, Administrative Services

A department may designate a different position; however, it must have the equivalent level of authority of the positions stated above.

1. PCO must sign and return the PCO Statement of Commitment.
2. The PAU must be notified immediately, via a Purchasing Authority Change Request (PACR), of any change to the department’s designation of the PCO. The PACR is available in Section C, [Resources](#Resources), at the end of this chapter.

The PCO will designate a Purchasing Authority Contact (PAC), within their organizational structure/chain of command, one for non-IT and one for IT.

The designated non-IT PAC must have oversight and review of all non-IT procurements and the IT PAC must have oversight and review of all IT procurements.

One individual can be designated as both the non-IT PAC and IT PAC if this individual has oversight of both non-IT and IT procurements.

1. Must be at the level of:
* Chief Procurement Officer
* Chief of Business Services
* Chief of Administration
* Branch Chief
* Staff Services Manager

A department may designate a different position; however it must have the equivalent level of authority of the positions stated above.

1. PAC must sign and return the PAC Statement of Commitment.
2. PAU must be notified immediately, via a PACR, of any change to the department’s designation of the PAC.

##### 1.A3.2 PCO and PAC information

When a purchasing authority document requires the signature of the PCO and/or PAC, the signature must match the PCO or PAC "Name."

If the PCO and/or PAC is unavailable to sign, the next highest ranking official must sign on their behalf. If there is a change in PCO/PAC, there is a 30 day window to update the department’s information.

##### 1.A3.3 Written Departmental Procurement Policies and Procedures

**The department’s responsibilities:**

PCC 10333 (a)(2) “Establishes written policies and procedures…”

Establish and maintain written departmental procurement policies and procedures.

**The requirements include:**

Required policies and procedures are prescribed in the checklist found in Section C,[Resources](#Resources) at the end of the chapter.

* Policies and procedures must be relevant to the dollar thresholds and type(s) of purchasing authority that is granted and/or being requested.
* Policies and procedures must be kept current.

See other requirements noted in Section B of this Chapter.

##### 1.A3.4 Small Business Procurement and Contract Act

| **The department’s responsibilities:** | **The requirements include:** |
| --- | --- |
| Established procedures for complying with provisions of the Small Business Procurement and Contract Act (GC section 14835 et seq.) and DVBE participation. | Direction for meeting the SB and DVBE business participation goals in state procurement as established by the DGS/PD in accordance with GC section 14838. |
| PCC10333(a)(3) “Establishes procedures for complying with the provisions of the Small Business Procurement and Contract Act” | * Designating a department SB advocate (see Topic 4 of this Chapter) when the department's contracting activities exceed $100,000.00 annually.
* Developing procedures for meeting the goals.
 |

##### 1.A3.5 Procurement Training

**The department’s responsibilities:**

PCC 10333(a)(4) “Establishes policies for training personnel in purchasing law and procedures…” e.g. Departmental and California Procurement and Contracting Academy [Cal-PCA] training when available.

**The requirements include:**

* Identify WHAT training is required for individuals involved in various roles in the acquisition process; HOW individuals sign up to receive the training; and WHEN these individuals should take the training (i.e. within the first 30 days of employment and how often afterwards).
* Log/track procurement training provided.
* Purchasing law, regulations, policies, procedures, and best practices.
* Controlling and reviewing purchasing practices.
* Auditing purchasing activities.
* Purchasing authority within the department.
* Cal-PCA training:
* Only personnel that attend these required training classes can be authorized to execute contracts/purchase orders under purchasing authority from DGS/PD/PAU.
* Training must match the acquisition methods and dollar thresholds of purchasing authority granted coupled with each personnel’s authorization to conduct acquisitions under the various methods and at various dollar thresholds. For instance, an incidental buyer that is authorized to conduct acquisitions under $5,000 utilizing the Fair and Reasonable acquisition method would need to take Cal-PCA Basic Acquisition and the Fair and Reasonable workshop.

##### 1.A3.6 Controlling and Reviewing purchasing practices

**The department’s responsibilities:**

PCC 10333(4) “Establishes policies for … controlling and reviewing purchasing practices…”

**The requirements include:**

Management oversight; review and approval of requisitions, solicitations, awards, and purchase documents/contracts; internal audits; training; procurement log; documentation checklists; database tracking (SCPRS); and ethics training.

##### 1.A3.7 Auditing Purchasing Activities

**The department’s responsibilities:**

PCC 10333(4) “Establishes policies for … auditing purchasing activities…”

**The requirements include:**

Ensure all procurement/contracting activities conducted by the department fully comply with State law, appropriations, regulations, executive orders, SCM, and other State and department policies and procedures for any and all non-IT and IT goods and services.

* Procurement documents are made available for review and inspection by DGS.
* Provide timely response to any inquiries, deficiencies, and/or findings.
* Submitting any audit reports, documents and/or findings upon request.

##### 1.A3.8 Sub-delegating within the agency

**The department’s responsibilities:**

PCC 10333(4) “Establishes policies for…delegating purchasing authority within the agency.”

**The requirements include:**

Policy on how staff assignments are determined in the procurement unit and in other offices/units outside of the procurement unit that have sub-delegated purchasing authority. Identify staff positions/classifications, relevant training and experience their assigned purchasing categories (LPA, competitive, IT, non-IT, etc.), and their dollar limits, etc.

##### 1.A3.9 Ethics and Conflicts

**The department’s responsibilities:**

Department personnel involved in procurement activities are either directly or indirectly spending public funds and are subject to public scrutiny

**The requirements include:**

* Act responsibly.
* Conduct business honestly.
* Avoid wasteful and impractical purchasing practices.
* Avoid real or perceived conflicts when conducting business on the State's behalf.
* Advise departmental personnel of expected standards of ethical and moral behavior during any procurement activities involving their participation.

Refer to Section C, [Resources](#Resources) at the end of this chapter for access to the Fair Political Practices Commission's webpage for more information.

##### 1.A3.10 Separation of Duties

**The department’s responsibilities:**

Departments with any type of purchasing authority must maintain sufficient separation of duties in order to reduce the risk of error or fraud in the department's purchasing program.

**The requirements include:**

Segregated duties to separate the responsibilities for:

* A buyer that conducts an acquisition shall not approve the purchase document.
* Staff approving the purchase document shall not acknowledge or receive the goods or services.
* Approving invoices
* Staff that approve invoices shall not prepare payments.

No one person should control more than one of the key aspects of a procurement activity.

The FI$Cal system enforces separation of duties based on user roles. Refer to Topic 5 of this Section C, Role Mapping, for more information.

##### 1.A3.11 Reporting Requirements

**The department’s responsibilities:**

Submit procurement reports as required and on a timely basis.

**The requirements include:**

* Documents during the annual purchasing authority review.
* Purchasing authority deficiencies.
* Responses/resolutions to a purchasing program compliance review.
* Other reports as required by statute or by the DGS/PD as indicated in Chapter 9.

##### 1.A3.12 Audits

**The department’s responsibilities:**

Ensure all procurement/contracting activities conducted by the department fully comply with State law, appropriations, regulations, executive orders, SCM, and other State and department policies and procedures for any and all non-IT and IT goods and services.

**The requirements include:**

* Procurement documents are made available for review and inspection by DGS.
* Provide timely response to any inquiries, deficiencies, and/or findings.
* Submitting any audit reports, documents and/or findings upon request.

##### 1.A3.13 Americans with Disabilities Act (ADA)

**The department’s responsibilities:**

Comply with the non-discrimination requirements of Americans with Disabilities Act (ADA).

**The requirements include:**

* Ensuring that all departmental programs, activities, and services are available to all persons, including persons with disabilities.
* Ensure the department’s ADA Coordinator will be available to assist and respond to persons with disabilities needing a reasonable accommodation to participate in the procurement process.

##### 1.A3.14 Conflict of Interest (COI)

**The department will**

Ensure that contracting personnel are free from conflict of interest.

**The requirement includes:**

* Maintaining signed Conflict of Interest (COI) statements for every staff person involved in the procurement process.
* Staff involved in:
	+ Soliciting bids.
	+ Preparing procurement documents.
	+ Approving procurement documents.
	+ Receiving goods/services.
	+ Approving payment.
	+ Making the payment.
* Ensuring the employee signs a COI at least once during his/her tenure with the department.
* A reference to or inclusion of GC section 19990
* Refer to the [Resources](#Resources) section at the end of this chapter for a link to a sample COI statement.

A department may use its own certification document such as an incompatible activity statement, ethics statement, and COI statement or use the sample located in the [Resources](#Resources) section.

##### 1.A3.15 Obtaining Other Required Approvals

**The department will**

Whenever an acquisition warrants, secure and document any approval required by:

* California Prison Industry Authority (CALPIA)
* DGS/PD
* California Department of Technology/ Statewide Technology Procurement Division (STPD)
* DGS/Office of Fleet Administration (OFAM)
* DGS/Office of Legal Services (OLS)
* DGS/Office of Records & Information Management (ORIM) as applicable to GC section 14755
* Any other required approvals.

**The requirement includes:**

Maintaining evidence in the procurement files of appropriate approvals being obtained prior to conducting a procurement activity or contract execution, as applicable.

##### 1.A3.16 Procurement Personnel

All personnel involved in the procurement process must have the appropriate training, experience, level of responsibility, and accountability as necessary to ensure compliance with all State laws, regulations, executive orders, and with all DGS/PD policies, procedures, and best practices.

Personnel conducting state procurement must maintain professional and ethical standards.

See 1.A3.4 and Topic 4 of this Chapter for additional requirements.

##### 1.A3.17 Availability of Procurement Files and Related Information

Departments are required to provide purchasing authority documentation (complete contract/procurement files) and related information to DGS/PD upon request and shall not withhold such documentation and/or information.

#### Topic 4 – Purchasing Authority Roles and Responsibilities

**1.A4.0 General**

The following topic defines the personnel requirements, roles and responsibilities of individuals involved in a department's purchasing authority.

##### 1.A4.1 Lead Staff

In some instances departments may have lead staff that interface and communicate with the PAC and subordinate staff. In larger departments, lead staff may oversee sub-delegated purchasing activities in decentralized purchasing locations, such as divisions, field offices, district offices, and other remote locations. Lead staff may serve as a mentor to less experienced purchasing staff and conduct the more complex acquisitions. Lead staff are expected to have appropriate knowledge of procurement laws, policies and procedures, and procurement practices. Lead staff must have a reporting relationship and/or a clear line of communication with the PAC.

##### 1.A4.2 Buyer and Incidental Buyer

All purchasing staff (buyers) must have the appropriate and sufficient level of knowledge of procurement laws, policies, procedures, and procurement practices.

**Buyer** – A position with procurement office oversight whose primary role is to carry out the day to day procurement functions on behalf of the department.

**Your roles and responsibilities include, but not limited to:**

1. Perform the day-to-day purchasing and contracting activities.
2. Interface, communicate and report to the lead staff and/or PAC.
3. Mentor less experienced purchasing staff.
4. Be knowledgeable of procurement laws, regulations, executive orders, policies, procedures, best practices, and the SCM.
5. Maintain the procurement file and related documentation.
6. May be assigned signature authority to execute smaller dollar value contracts.

**Recommended positions are:**

Qualified clerical, analytical, or technical staff person as selected by the department.

**Incidental buyer** – A position within a program that does not have the primary responsibility to purchase on behalf of the department though may occasionally purchase a minimal amount of goods or services.

##### 1.A4.3 SB/DVBE Advocate

**Small Business (SB) and Disabled Veterans Business Enterprise (DVBE) Advocate**

**Your roles and responsibilities include, but not limited to:**

1. Promote SB and DVBE business contracting participation.
2. Assist purchasing staff in identifying potential small, micro, and DVBE businesses.
3. Make solicitation information available to small, micro, and DVBE businesses.

**Recommended positions are:**

Appropriately qualified staff person as selected by the department.

##### 1.A4.4 ADA Coordinator

**Americans with Disability Act (ADA) Coordinator**

**Your roles and responsibilities include, but not limited to:**

Assist and respond to questions or concerns for persons with a disability needing reasonable accommodation to participate in the procurement process.

**Recommended positions are:**

Appropriately qualified staff person as selected by the department.

##### 1.A4.5 Reasonable Accommodation Procurement Coordinator

Each state agency shall designate one individual as the RA Procurement Coordinator for the state agency. State agencies with a procurement function that includes decentralized purchasing, may designate sub-RA Procurement Coordinators at each location or for a particular region. Internal policy and procedures must specify the designated individuals.

**Your roles and responsibilities include, but not limited to:**

1. Receives RA acquisition requests from the state agency’s designated RA Coordinator(s).
2. Ensures RA acquisitions are expedited.
3. Tracks RA acquisitions in order to ensure that the acquisition is expedited and that the goods or services are delivered timely.
4. Evaluates and recommends internal procurement procedures in order to expedite acquisitions.
5. Participate in training as required by the DGS.
6. Ensures that RA acquisitions are accurately reported in FI$Cal.

**Who Can Be Designated**

A trained buyer that works in the procurement office under the chain of command of the Purchasing Authority Contact (PAC).

The PAC can be designated.

Sub-RA Procurement Coordinators must be a trained buyer that works in a decentralized procurement office.

##### 1.A4.6 CAL-Card Coordinator

**Your roles and responsibilities include, but not limited to:**

1. Provide written CAL-Card procedures for the department.
2. Ensure compliance with the DGS/PD and department CAL-Card procedures and contract terms.
3. Coordinate CAL-Card training.
4. Issuing and tracking CAL-Cards.
5. Add, delete, and/or modify card restrictions/limits.
6. Monitoring usage of the CAL-Cards.
7. Review billing reports to monitor payments and disputes.
8. Coordinate procurement and contracting activities that use CAL-Card as the payment mechanism with the PAC.

**Recommended positions are:**

Appropriately qualified staff person in the procurement office as selected by the department.

##### 1.A4.7 Receiving Staff

**Your roles and responsibilities include, but not limited to:**

1. Receive or acknowledge deliveries.
2. Inspect goods.
3. Complete stock received reports and ensures complete delivery.
4. Notification of stock received information to both the buyer and to the Accounting office.
5. Inventory and control assets.
6. Tag assets.

**Recommended positions are:**

Appropriately qualified staff person as selected by the department.

#### Topic 5 – Role Mapping

##### 1.A5.0 Role Mapping Requirement

FI$Cal’s role mapping, also referred to as “end user access”, describes and documents the FI$Cal end user roles related to the FI$Cal system. End user roles are organized by business process area and must be appropriately assigned in order to complete or process transactions in the FI$Cal system.

The FI$Cal End User Role Description Handbook provides role descriptions and details for each role related to the purchasing process. To access the FI$Cal End User Role Description Handbook refer to the [Resources](#Resources) section at the end of this chapter for the link to the FI$Cal End User Access webpage.

To add or change an end user’s role, contact the FI$Cal Service Center at fiscalservicecenter@fiscal.ca.gov or toll free by phone at 1-855-347-2250.

#### Topic 6 – Deficiency Notices

##### 1.A6.0 General

A Deficiency Notice is a formal mechanism to document non-compliance with Purchasing Authority standards. The purpose of this documentation is to aid state departments in taking appropriate corrective action.

State departments with purchasing authority may be cited for a deficiency resulting from, but not limited to:

* Purchasing Authority Reviews
* Non-compliance allegations
* DGS audit findings
* Bureau of State Audits (BSA) audit findings

The state department’s Procurement and Contracting Officer (PCO) is responsible for providing responses to all inquiries and the Deficiency Notice.

##### 1.A6.1 Allegations of Non-Compliance

The Purchasing Authority Unit (PAU) occasionally receives allegations of non-compliance with Purchasing Authority standards (standards include
State policies, procedures, and laws pertaining to contracting/procurement). The PAU receives these allegations from a variety of sources such as suppliers or other units within the Procurement Division (PD). The PAU may be notified of non-compliance or deficiency issues by way of media coverage of a department’s procurement, a response to an audit, or executive management may have been contacted with concerns. Allegations are researched by the PAU.

##### 1.A6.2 Audit Findings

Every department granted purchasing authority undergoes audits conducted by DGS’ Office of Audit Services, Bureau of State Audits, or other governmental entities. Departments are typically audited once every three years. When an audit is conducted, DGS/PD is notified. PAU analysts review these findings to determine whether or not a department is cited for a deficiency depending upon the severity of the results.

##### 1.A6.3 Researching Allegations

As a result of a non-compliance report or an audit, the PAU may conduct a quality assurance review. The PAU will notify the state department’s PCO of the allegation and ask for a response. The PAU may request that the department submit specific procurement files or may conduct an onsite review.

##### 1.A6.4 Corrective Action Plan

In order to properly address deficiencies, the PAU may ask the department to produce their own Corrective Action Plan (CAP).

PAU will notify the department verbally and/or in writing of the appropriate timeframe for the CAP to be completed.

#### Topic 7 – Applying for New Purchasing Authority

##### 1.A7.0 Requesting NEW Purchasing Authority

A state department that does not currently have purchasing authority must submit a Purchasing Authority Application (PAA) and required attachments (as noted on the PAA) to the Purchasing Authority Unit (PAU).

Refer to the [Resources](#Resources) section at the end of this chapter for a link to the Purchasing Authority Application (PAA). The PAA includes procedures on how to complete and submit the request.

Review and approval processing time is approximately 30 days.

##### 1.A7.1 Approval of a Purchasing Authority Application (PAA)

The Purchasing Authority Unit (PAU) will review the PAA to ensure that all attachments are received, complete, and that the content is compliant with purchasing authority requirements.

Upon approval of the PAA by the PAU, the state department will receive a Purchasing Authority Approval Letter (PAAL) that specifies the approved purchasing authority acquisition types, methods, and corresponding dollar thresholds.

PAALs will be electronically mailed to the state department's Purchasing Authority Contact (PAC), with a copy to the Procurement and Contracting Officer (PCO). If the state department has not designated a PAC, the PAAL will be electronically mailed to the PCO.

For state departments purchasing on behalf of other state departments, the primary state department is responsible for notifying the secondary state department of the approval. For more information, refer to Topic 9 of this chapter “Procuring for Another Department (Secondary Department)”.

##### 1.A7.2 The Purchasing Authority Number

The purchasing authority number is assigned by the PAU upon approval of the PAA and is identified on the PAAL.

##### 1.A7.3 Renewing Existing Purchasing Authority

Effective January 2016, state departments do not need to renew their purchasing authority on an annual basis.

#### Topic 8 – Changes to Purchasing Authority

##### 1.A8.0 General

The Purchasing Authority Change Request (PACR) is completed by departments that currently have purchasing authority and seek to change one of the following:

* Increase to dollar threshold(s).
* Change or update the Procurement and Contracting Officer (PCO) and/or Purchasing Authority Contacts (PAC) information.
* Add a “Secondary” department or changes to a “Secondary” department’s information such as PCO designation or updates to contact information.

##### 1.A8.1 When Must a PACR Be Submitted?

Increases to purchasing authority dollar thresholds can be submitted any time for certain Transaction Based Increase Requests and not more frequently than annually for General Increase Requests (see Topic 5, 1.A6.8).

Departments must submit a PACR within 30 days when:

* Designating a new Procurement & Contracting Officer (PCO).
* Changing any of the PCO's information.
* Designating a new Purchasing Authority Contact (PAC).
* Changing any of the PAC's information.
* A Secondary Department designates a new PCO or any of their PCO information changes.

Requesting authority to conduct acquisitions on behalf of another state department can be submitted at any time.

##### 1.A8.2 Requesting an Increase to Purchasing Authority

Departments interested in requesting an increase in their purchasing authority dollar threshold(s) may request an increase by completing and submitting a Purchasing Authority Change Request to the Purchasing Authority Unit (PAU) at pams@dgs.ca.gov.

Two types of increases are available:

1. General Increase
* This is an increase in purchasing authority for a specific category (i.e. “Competitive”)
* Once an increase is granted, it must remain for a minimum of three years before another increase request will be considered.
1. Transaction-Based Increase
* This is a one-time increase for a single transaction/acquisition.
* “Transaction-Based” increases may be requested at any time.
* Transaction-Based increases will not be accepted in instances where the dollar threshold requested is in the “formal” range and where the current purchasing authority is in the “informal” range.

The department’s purchasing authority must be in good standing to be considered for an increase. In good standing means that the department is reporting as required, does not have unresolved, severe, or continuous deficiencies, and has procurement policy and procedures that have been approved by the PAU. Additional requirements apply for General increase requests (i.e. additional staff, training, etc.) and for high dollar value Transaction-Based increase requests (i.e. department’s internal legal counsel review).

##### 1.A8.3 Conditions and differences for Increase Requests

If the department’s purchasing authority is in good standing, there are three things a department must fulfill to be considered for an increase. It is recommended that the department discuss PACR requests with their assigned Purchasing Authority Analyst prior to completing the PACR.

1. **Ask.** Requests must be submitted utilizing the Purchasing Authority Change Request (PACR) form prior to advertising and/or release of the solicitation to suppliers. Requesting an increase typically adds time to the acquisition process due to the oversight required to determine eligibility and capability; departments must allow ample time.
2. **Qualify.** The PAU will conduct an initial inspection of the request utilizing information received from the department via the PACR and criteria found in the PACR Assessment (refer to the [Resources](#Resources) Section, Section C, at the end of this chapter). The following are key factors of consideration:
* Is the request complete and signed by the PCO?
* Is the department’s purchasing authority in good standing?
* Is the department a good candidate (past performance and staffing are main factors)? For example, if a department’s organizational structure/staffing does not support procurement professionals with expertise and training to conduct certain high dollar value acquisitions, they may not be granted an increase. In these cases, it is most efficient and in the best interest of the State to submit the request to PD One Time Acquisitions (OTA) to purchase on behalf of the department rather than request an increase in purchasing authority.
* Has the department buying staff completed relevant and/or required training for the requested acquisition method?
* Does the department have the expertise, experience, knowledge, and internal procurement policies and procedures to support the type(s), category, and dollar threshold limits of authority requested?
* Does the acquisition method for the requested increase make good business sense and offer a sufficient level of competition? (Specific to Transaction Based Request)
1. **Demonstrate.** Once the initial assessment is completed, and it is determined that the request may move forward, the PAU will ask the department to demonstrate their ability to conduct an acquisition at the requested dollar threshold. Refer to table below for the differences how agencies will demonstrate their ability.

**TRANSACTION BASED INCREASE REQUEST\***

**GENERAL INCREASE REQUEST**

*\*If the PAU determines that documentation of a recent acquisition sufficiently demonstrated that the agency is capable of conducting an acquisition utilizing the requested acquisition method and at the requested dollar value, the PAU reserves the right to waive some or all of the oversight steps noted below for transaction based increase requests.*

**Oversight Method** - The agency will demonstrate capability by conducting the acquisition under PAU oversight. Internal PD and PAU procedures may involve oversight by another unit within PD such as the Multiple Awards Program Section (MAPS) for certain transactions executed under contracts that are managed by MAPS. Although another area in PD may be involved in the oversight process, the ultimate authority to increase purchasing authority is with PAU.

Key components of the oversight review include the review and approval of the following:

**Step 1:** The solicitation document, any changes, addenda, Q&As, etc. (PAU must approve prior to advertising and/or release to suppliers. The PAU will work with PD’s Engineering Unit to seek approval of the specifications and evaluation criteria).

PAU will verify competition was achieved, CMAS min # of suppliers participated, SB/DVBE, etc. before evaluation.

**Step 2:** The Evaluation and Selection Report or other documentation showing how the bids/offers were evaluated (PAU must approve prior to award).

**Step 3:** The final contract/agreement (PAU must approve prior to the start date and prior to the department executing the contract under their delegated purchasing authority).

Demonstration of capability may include one of two methods:

1. **Oversight Method** - The department will conduct **two** acquisitions under PAU oversight as outlined in the left column.

This method is applied when requesting an increase from the “informal” to “formal” range and can also be used to increase to a higher dollar value within the “informal” range.

**OR**

1. **Audit Method**: The department will provide two copies of complete procurement files for acquisitions that are comparable in dollar value (transactions must be within 20% of the existing purchasing authority delegation) and within the same purchasing authority category as the requested increase. These acquisitions must have been completed within the last twelve months. PAU will audit the files and provide findings to the department. If significant findings exist, the increase will not be granted.

The audit method is **not** used when a department is requesting an increase in “Competitive” purchasing authority from the “informal” to “formal” range.

PD professionals will mentor buyers, document performance, and provide a performance assessment to the department.

All approved PACRs must be maintained in the department’s procurement file.

Refer to Section C, [Resources](#Resources), for access to the PACR and the PACR Assessment.

####

#### Topic 9 – Procuring for Another Department (Secondary Department)

##### 1.A9.0 Procuring for Another Department (Secondary Department)

Departments must obtain DGS/PD approval to purchase on behalf of another department. Submission of the Purchasing Authority Application (PAA) in the system is required for DGS/PD approval.

To assist small departments with their business needs, DGS/PD will consider PAAs for one department to procure for another. It is not a standard practice, nor is it intended to set a precedent, to allow one department to procure for another department. Rather, this practice may be allowed where needed by departments without procurement staff or when the procurement staff does not have the requisite procurement expertise.

##### 1.A9.1 Requesting Authority to Procure for Another Department

Authority for one department to procure for another is not automatically granted by virtue of a department being granted purchasing authority. This authority must be requested. If approved, the authority will be granted to the procuring department for the same purchasing authority number(s), type(s), category/sub-category(ies), and dollar threshold limits for which the procuring department has been approved.

##### 1.A9.2 Conditions for Requesting Authority to Procure for Another Department

Departments may request authority to purchase for another department and may be granted such authority under the following conditions:

* Both departments must reside within the same Agency.
* If the department for which procurement activities will be conducted does not have the requisite procurement expertise to conduct its own procurement activities, the reason for the lack of staff and/or staff expertise must be explained, as well as the reason(s) for not submitting the procurement activities to the DGS/PD.
* The procuring department must have current purchasing authority and a purchasing authority history that supports its ability to conduct procurement activities for another department.
* The purchasing authority will be granted to the procuring department for the same purchasing authority number(s), type(s), category/sub-category(ies), and dollar threshold limits for which the procuring department is currently authorized. The department granted purchasing authority to procure for another department is accountable and responsible for procurement activities conducted under that purchasing authority.
* Authority to procure for another department will not be granted to a department requesting new purchasing authority.

The procuring department will not have any departments procure for them under any circumstances. The procuring department must also conduct the purchase on behalf of the department and not sub-delegate that authority elsewhere. The department for which procurement activities will be conducted does not have authority to make any purchases.

##

## Section B

## Procurement Policies and Procedures

## Overview

### Introduction

This section is designed to assist department staff involved in developing their department purchasing authority policies and procedures manual.

Unless otherwise stated, the information and samples provided should be viewed as tools that can be used to provide broad guidance in the purchasing authority policy and procedure development process.

This section is not intended to dictate the techniques that should be used since the details of the process should suit the individual department’s authority being addressed, the stakeholders affected; and the format and style standards established by the department policies, procedures, and business needs.

#### Topic 1 – Purpose of Department Procurement Policies and Procedures

##### 1.B1.0 Statutory Requirement

PCC sections 10333 and 12100 grants the DGS the authority to delegate purchasing authority to departments based upon certain requirements as discussed in this manual. One critical requirement that best demonstrates a department's understanding of and its ability to manage and maintain a purchasing authority program is to establish and maintain current procurement policies and procedures in sufficient detail to support the department's approved purchasing authority for each type, category/sub-category and dollar threshold authorized by the DGS.

Additionally, departments' purchasing authority policies and procedures must also provide instruction to department users on other related purchasing activities such as receiving goods and service, supplier payment, reporting contractor performance, reporting requirements, and ensuring that departments contracting personnel are free from conflict of interest.

##### 1.B1.1 Purpose

The purpose of requiring a department’s purchasing authority policy and procedure manual, hereafter, referenced as a procurement manual, is to familiarize department employees (whether a buyer or an employee involved in an aspect of the department's purchasing activities) with department purchasing practices in a clear, common understanding of goals, benefits and policies as well as what the department expects with regard to performance and conduct. The results provide an overall description of the department's purchasing program.

This manual represents the minimum requirements for departments to obtain and maintain any type of purchasing authority. It addresses the statutes, regulations, policies, procedures, and best practices applicable to all facets of statewide purchasing authority.

Consequently, although a department may use this manual as the foundation or guide in developing their department procurement manual, it does not eliminate or substitute the requirement that the individual departments develop a procurement manual that identifies and communicates to personnel involved in department purchasing activities those policies and procedures that are specific to a department's internal processes.

##### 1.B1.2 Policy vs. Procedure

Policies are the business rules and guidelines of a department that ensure consistency and compliance with the department’s strategic direction.  Policies are the guidelines under which Procedures are developed.  Procedures define the specific instructions necessary to perform a task or portion of a Process.  Procedures can take the form of a work instruction, a desk top Procedure, a quick reference guide, or a more detailed Procedure.

A department’s procurement manual should include both purchasing policies and procedures. The policy section of the manual should discuss the purposes and objectives of the department's purchasing program while the procedure section establishes and describes, using considerable detail, and the internal procedures of the purchasing program.

In simple terms, policy is "what" the department does operationally, and procedures are "how" it intends to carry out that policy.

**Definitions**

**Policy:** A written statement that clearly indicates the position and values of the department on a given subject. It contains rules and tells one what to do.

**Procedure:** A written set of instructions that describe the approved and recommended steps for a particular act or sequence of acts. It tells one how to perform a set of tasks in relationship to the department's policies on conducting business.

**Example #1:**

**Policy:** Pursuant to Executive Orders D-37-01and D-43-01 the Department of Motor Vehicles shall aggressively pursue an annual 25 percent certified Small Business and 3 percent Disabled Veteran business Enterprise participation level in departmental purchasing activities.

**Procedure:** Buyers will consult the department's Small Business Advocate to assist in locating certified SB or DVBE suppliers prior to preparing any type of solicitation document.

The table below identifies common distinctions between policy and procedures:

**Policies**

Widespread application

Changes less frequently

Usually expressed in broad terms

Statements of "what" and/or "why"

Answers major issue(s)

**Procedures**

Narrow application

Prone to change

Often stated in detail

Statements of "how", "when", and/or sometime "who"

Describes in detail the process

#### Topic 2 – Characteristics of Good Policies and Procedures

##### 1.B2.0 Goal

The overall goal for any policy or procedure document is for the design to be simple, concise, easy to use, and consistent. There is an unlimited amount of "important" items that could be included in a procurement manual. It is up to each department to determine what is most necessary and relevant for their individual purchasing program.

##### 1.B2.1 Degree of Detail

The degree of detail in the procurement manual is dictated by the nature of the individual department's purchasing authority. Although SCM addresses specific policies and procedures, a department's procurement manual should be all encompassing.

Staff responsible for organizing or developing the procurement manual should obtain their department's most current purchasing authority approval document and review Section A of this chapter to determine what minimum requirements must be included in their department's procurement manual.

The SCM was written from the perspective that the procurement office performs most of the purchasing activity and is the main repository of all documentation impacting its purchasing authority program. If that is not true of your department, it is expected that the department’s procurement manual will address in detail any and all exceptions.

##### 1.B2.2 Key Features

Key features of the department procurement manual can be located on the Policies and Procedures Manual Checklist found in Section C, [Resources](#Resources),at the end of this chapter.

##### 1.B2.3 Good Policies

The policy portion of a department's procurement manual should discuss the purposes and objectives of the department's purchasing authority program. The policy section of the manual can take many forms dependent upon the size of the department.

A small department could include most of the significant policies that the department's buyers and users may need within a few pages, whereas a large department may already have an established administrative manual(s) that may include procurement policies. In the latter case, the department has to determine how the applicable information will be made accessible to buyers and users.

Whatever the case may be, procurement manual developers should obtain and review their department format and style standards to ensure compliance with existing department requirements.

Refer to Section C, [Resources](#Resources), at the end of this chapter to view a sample policy format.

##### 1.B2.4 Good Procedures

Good procedures establish and describe internal processes in sufficient detail to answer questions before they're asked. Consider the Who, What, Where, How, and Why of writing theory.

Basically, a procedure section of a procurement manual prescribes all the step-by-step processes of each procurement approach within a given purchasing authority type from the origin of a user request (requisition) to the final conclusion of a project or disposition of an item. This follows a natural sequence of events from requesting an action through any post award activities. Internal procedures not only cover the procurement approach beginning to end, but also should include how to maintain ethical relationships with contractors.

##### 1.B2.5 Writing Style

Write procedures at a level of detail that is appropriate for the intended users. Procedures should include detailed, step-by-step instructions for completing each purchasing activity phase, and simple enough for a new employee to understand.

The table below identifies some writing characteristics and considerations that should be taken into account when developing and writing procedures.

**Writing characteristic**

**Considerations**

**Accuracy**

* Is the data current, complete, correct, and relevant?
* Is fact separated from opinion?

**Clarity**

* Documents must be easy to read and understandable.
* Do not assume the reader knows something.
* What is the most systematic approach to achieve the procedures objectives?
* Is it assembled well?
* Will personnel misunderstand or misinterpret the procedure?
* What are the most common errors made or misunderstandings?

**Complete**

* Has assistance and input been obtained from all sources available?
* Will the procedure provide enough information to ensure understanding? If not, what further information is needed?

**Concise**

* What specifically is required?
* Be direct and to the point.
* Use active voice.
* Use short sentences and simple words.
* Check grammar and spelling.

**Flowcharts and checklist**

* Flow charts and checklists can be handy tools to help get information organized.
* Assist in providing staff with a quick visual concept to the overall work flow.
* Tends to provide a general overview of touch points that a document or process may pass through.
* Does not replace a procedure but complements the details of the procedure.

##### 1.B2.6 Tips for a Useful Manual

Preparing the department's procurement manual is probably the most time consuming portion of developing a quality purchasing authority program. The design should be determined by the department's needs and organization.

Refer to Section C, [Resources](#Resources), section at the end of the chapter to access a list of tips for developing a procurement manual and the Procurement Policies and Procedures Manual Checklist used by PAU in reviewing department's policies and procedures.

## Section C

### Resources

### Chapter 1 Resources

**A**

Acquisition Methods and Definitions [PDF](https://www.dgs.ca.gov/-/media/5F87AD580D944FB2A5EB260D77EC6461.ashx)

**C**

Conflict of Interest (COI) Statement Form [Word](https://www.dgs.ca.gov/-/media/73485667EC3A486CA8ED0119CB5B9E68.ashx)

**F**

Fair Political Practices Commission Webpage [Link to Webpage](http://www.fppc.ca.gov/)

FI$Cal End User Access Webpage [Link to Webpage](https://fiscal.ca.gov/user-support/fiscal-service-center/end-user-access/)

FI$Cal’s Job Aids/FAQ Webpage [Link to Webpage](https://fiscal.ca.gov/user-support/job-aids/)

**O**

One-Time Acquisitions Webpage [Link to Webpage](https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Acquisitions/One-Time-Acquisitions)

**P**

Policies and Procedures Manual Checklist Contact PAU

Policy Format Sample Contact PAU

Purchasing Authority Application Contact PAU

Purchasing Authority Approvals Contact PAU

Purchasing Authority Assessment Tool Contact PAU

Purchasing Authority Change Request (PACR) Contact PAU

Purchasing Authority Annual Review Checklist [PDF](https://www.dgs.ca.gov/-/media/5160BAE70E7347E18CD1AE9CD394AC50.ashx)

**T**

Tips for Developing a Useful Procurement Manual [PDF](https://www.dgs.ca.gov/-/media/C1D102E96A3F46FEB92F1502178FACE4.ashx)