

Purchasing Authority Accreditation

Guide for California State Agencies

Updated October 2020

I. INTRODUCTION

In an effort to increase autonomy and promote high quality and responsible acquisitions for state agencies with delegated purchasing authority, the Department of General Services (DGS) developed a Purchasing Authority Accreditation process. Aimed at providing a checks and balances approach when delegating purchasing authority, the new process enables state agencies to continuously improve in the procurement arena. Through the accreditation process, DGS envisions increased transparency, clarity in pathways to comply with laws and policies which ultimately will improve customer service.

The purpose of this guide is to provide California state agencies (hereinafter “state agencies” or “state agency”) and the Department of General Services’, Procurement Division (PD) staff with a comprehensive guide to procedures required in order for state agencies to be granted purchasing authority, receive an increase in purchasing authority, and maintain purchasing authority previously granted through Purchasing Authority (PA) Accreditation. Procedures in this guide are supported by various laws as well as policy contained in California’s State Contracting Manual (SCM) that govern DGS’ responsibilities for the state’s purchasing and specifically DGS’ responsibilities for granting purchasing authority to state agencies.

II. BACKGROUND

DGS has statutory authority¹ to grant purchasing authority to state agencies. The Purchasing Authority Unit (PAU) within the DGS, PD is the entity responsible for determining the appropriate levels of purchasing authority to grant to state agencies. In carrying out this responsibility, PAU must verify that state agencies:

- Meet purchasing authority requirements (aka “standards”) provided by law and policy
- Demonstrate capability to effectively use the authority granted

PA Accreditation provides the framework under which PAU and state agencies collaboratively evaluate the degree to which state agencies are meeting purchasing authority standards. PA Accreditation is aligned with the following mission statements and core values:

PAU Mission Statement:

Support delegated purchasing programs by providing guidance and empowering customers to deliver high quality, best value acquisitions.

PD Mission Statement:

The DGS-PD is dedicated to providing effective leadership to deliver innovative procurement solutions enabling our customers to serve the people of California.

DGS Mission Statement:

We deliver results by providing timely, cost-effective services and products that support our customers, while protecting the interests of the state of California.

¹ Public Contract Code (PCC) sections: 10290.1, 10295, 10298, 10299, 10308, 10309, 10331-10333, 12100(f), 12101(c), 12101.5(c), 12102.2(e) Government Code (GC) 14600

DGS Core Values: (1) Integrity – We do the right things for the right reasons; (2) Accountability – We hold ourselves and each other responsible for all we do; (3) Communication – We listen and share information openly and honestly with the goal of mutual understanding and transparency; (4) Excellence – We strive for the best for each other and our customers; (5) Innovation – We cultivate ideas and implement improvements throughout our organization; and (6) Teamwork – We value our organizational diversity and work together to achieve great results.

III. ELIGIBILITY FOR PURCHASING AUTHORITY ACCREDITATION

State agencies subject to DGS oversight and not specifically exempt by statute may apply for purchasing authority through PA Accreditation.

State agencies subject to DGS oversight that have been granted purchasing authority by the DGS must participate in PA Accreditation in order to maintain the authority granted.

IV. BENEFITS OF PURCHASING AUTHORITY ACCREDITATION

a) To State Agencies

PA Accreditation is required in order for a state agency to be granted purchasing authority at any dollar amount. Once a state agency is accredited, continuous monitoring by the DGS occurs through mandated audits performed by the DGS Office of Audit Services (OAS), through triennial reviews through the PA Accreditation process by PAU, and through internal audits performed by the state agency. This monitoring provides a means for a state agency to improve the quality of acquisitions, improve the quality of contracts, enhance program management, and strengthen purchasing practices.

b) To The Department of General Services

PA Accreditation aids DGS in meeting statutory obligations for delegating purchasing authority and monitoring purchasing authority granted to state agencies. The Standards and Measures document (attached) developed and utilized by DGS staff in the accreditation process provides DGS with a data driven approach to decisions pertaining to granting purchasing authority. DGS will be able to assess the degree to which a state agency meets standards provided by law and policy as well as the degree to which a state agency is capable of conducting acquisitions on their own under the authority granted by DGS.

V. STANDARDS AND MEASURES

DGS has compiled a set of standards consisting of laws and policy that provide expectations for all state agencies that seek to be granted or maintain purchasing authority. The granting of purchasing authority is the end result of the accreditation process for new state agencies. Both new applicants and those maintaining purchasing authority are evaluated according to these standards. For each standard DGS has provided the measurement factor(s) used to evaluate the degree to which state agencies are meeting the standards. The Standards and Measures document provides these standards and measures.

The Standards and Measures document will be updated as relevant laws are enacted and new

policy implemented. A link to the most current version of the Standards and Measures document is provided in Chapter 1 of the State Contracting Manual.

VI. TRAINING

A pivotal component in achieving accreditation is ensuring compliance with training standards. Training is a requirement for accreditation. In order for a state agency to be accredited, the minimum training requires the Purchasing Authority Contact plus one staff to have obtained the Basic Acquisition Certificate. Should either of the trained staff vacate their current role, the state agency will have to ensure they meet this minimum requirement at all times to be accredited.

The expectation is that ALL staff involved in the procurement process receive applicable training based on acquisition type and method as well as any “roles” that may apply (i.e. Small Business Advocate, Procurement and Contracting Officer, etc.). During the accreditation process, the purchasing authority specialist will work with the state agency to identify a unique training plan based on the organizational structure of the state agency and available courses in the California Procurement and Contracting Academy (CalPCA).

Training standards are developed by PAU and CalPCA. State agencies are encouraged to review course descriptions and offerings at the CalPCA website at <http://www.dgs.ca.gov/pd/Programs/CalPCA.aspx>.

VII. PURCHASING AUTHORITY ACCREDITATION PROCESS – STATE AGENCY LIAISON

The Procurement and Contracting Officer (PCO) at each state agency is responsible for coordinating the accreditation process within the state agency. The PCO is the single communication contact between the state agency and PAU throughout the entire accreditation process.

VIII. PURCHASING AUTHORITY ACCREDITATION PROCESS – DGS LIAISON

Each state agency is assigned a purchasing authority specialist from PD’s PAU. For NEW applicants, the assigned purchasing authority specialist will be communicated via email upon receipt of the Purchasing Authority Accreditation Application. For existing customers, the assigned purchasing authority specialist will be noted on the initiation letter for participation in the accreditation process. State agencies may also send an email to pams@dgs.ca.gov to request the name and contact information for their assigned purchasing authority specialist.

IX. PURCHASING AUTHORITY ACCREDITATION PROCESS - NEW APPLICANTS

State agencies that have not been granted purchasing authority by DGS and seek purchasing authority must submit a Purchasing Authority Accreditation Application (attached).

The accreditation process for new applicants consists of the steps identified in Section XII of this guide (Steps 1 and 2 are excluded).

When granting IT purchasing authority, DGS is required to consult with the California Department of Technology (CDT) pursuant to PCC 12102.2(e). This guide includes a step to consult with CDT when granting IT purchasing authority.

X. PURCHASING AUTHORITY ACCREDITATION PROCESS - MAINTENANCE

Participation in the accreditation process is required for state agencies that have been granted purchasing authority by the DGS. DGS/PD/PAU prepares a triennial schedule for monitoring state agencies that have been granted purchasing authority. This guide explains the steps involved in the accreditation process; see Section XII.

XI. REQUESTS TO MOVE TO A HIGHER PURCHASING AUTHORITY TIER

State agencies interested in being granted purchasing authority at a higher purchasing authority tier (general increase) may request an increase by reviewing, completing, and submitting a Purchasing Authority Change Request to PAU at pams@dgs.ca.gov.

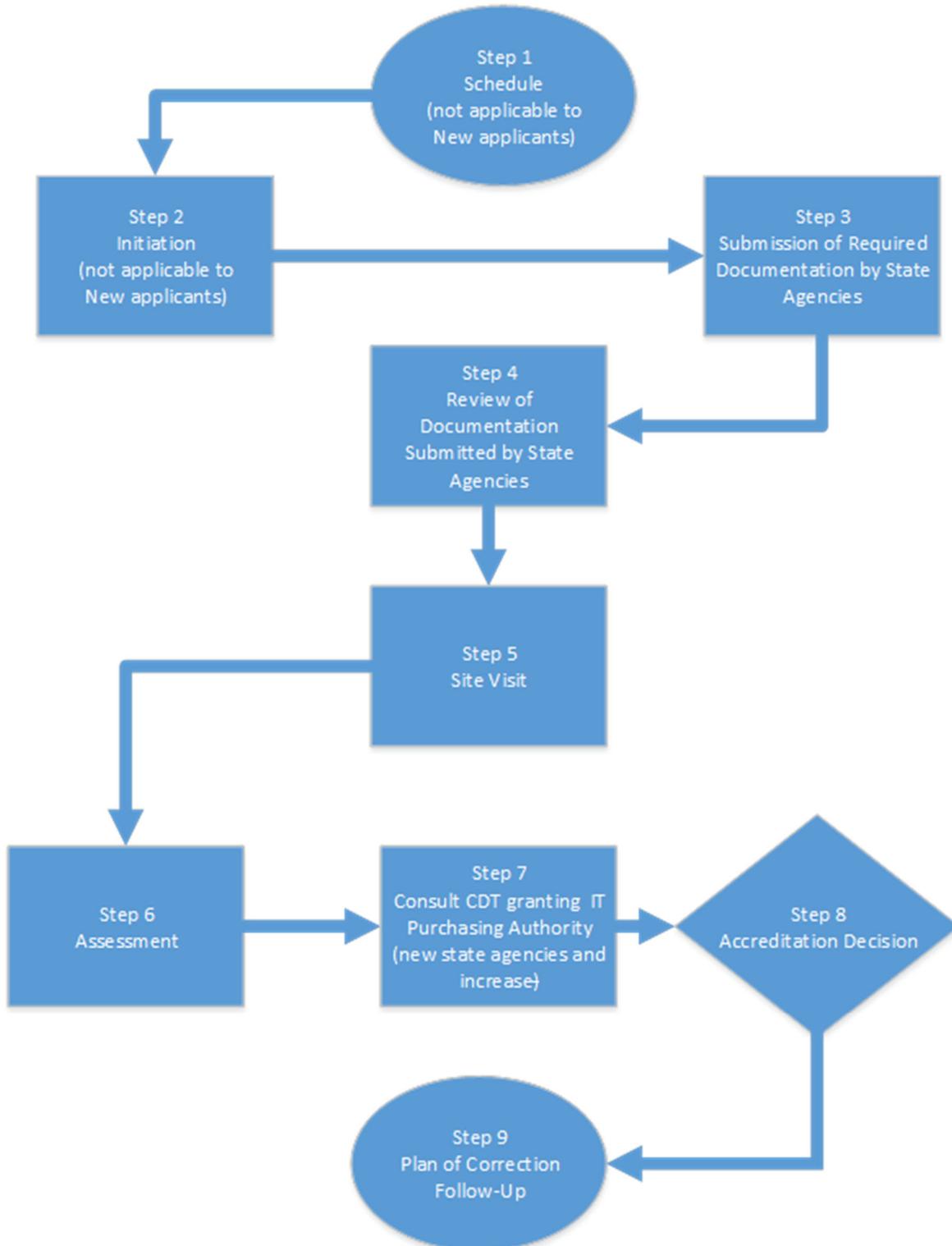
The request will be considered and assessed during the state agency's scheduled purchasing authority accreditation. Once an increase in purchasing authority is granted, it must remain for a minimum of three years before another increase request will be considered.

The state agency's purchasing authority must be in good standing to be considered for an increase. In good standing means that the state agency is reporting as required, does not have unresolved, severe, or continuous deficiencies, and has procurement policy and procedures that have been approved by PAU. See Chapter 1 of the State Contracting Manual (SCM) for details about increases in purchasing authority.

When granting IT purchasing authority, which includes general increase to IT purchasing authority, DGS is required to consult with CDT pursuant to PCC 12102.2(e), SAM 5200.5., and Chapter 1 of the SCM. This guide includes a step for DGS to consult with CDT when granting an increase in IT purchasing authority. In addition to the step outlined in this guide, PAU will forward a copy of the PACR to CDT at technologyprocurements@state.ca.gov.

XII. ACCREDITATION PROCESS

The accreditation process for maintaining or requesting higher levels of purchasing authority consists of the steps identified herein.



Step 1: Schedule (not applicable to NEW applicants)

Each state agency that has been granted purchasing authority will be accredited on a triennial basis through the purchasing authority accreditation process. Each state agency will be scheduled for a review period which is a specified month within a specified calendar year. PAU maintains the triennial schedule and coordinates with the DGS, Office of Audit Services (OAS) and a state agency's internal audit office to ensure adequate spacing of audits and purchasing authority accreditation reviews. PAU will work with the PCO to schedule a specific date (or days depending on the quantity of transactions executed by the state agency) within the review period month for a site visit (see Site Visit section of this guide).

State agencies are encouraged to visit the schedule in order to prepare and plan for their scheduled review period. The schedule is available on DGS/PD's website: <https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Policy-Training-and-Customer-Service/Purchasing-Authority-Unit>.

Rescheduling review periods is discouraged; however, it may be possible if state agencies are able to submit the request based on a compelling business need at least three months prior to the first day of the review period month. The schedule is dependent upon several factors (such as an OAS audit schedule, internal audit schedule, etc.) and therefore DGS reserves the right to deny requests.

Step 2: Initiation (not applicable to NEW applicants)

a) Activities performed by DGS.

- Sixty days prior to the scheduled review period month, PAU will email an initiation letter to the Procurement and Contracting Officer (PCO) with a copy to the Purchasing Authority Contact(s) (PAC) on file with PAU. The letter will contain key action dates and instructions that must be followed in order for a state agency to maintain status as an accredited state agency and ultimately to maintain purchasing authority.
- Thirty days prior to the scheduled review period, PAU will begin retrieving data and records that will be used in the purchasing authority accreditation process. These items include, but are not limited to, 1) running reports of transactions in the State Contracting and Procurement Registration System (SCPRS) to identify procurement files for reviews, to identify adherence to purchasing authority dollar thresholds, to identify correct classification of contracts, to identify "split orders", etc.; 2) reviewing information about reports submitted to DGS to identify if the reports were completed accurately and timely; 3) review completed OAS audits to identify areas in need of follow-up; 4) review Small Business and Disabled Veteran Business Enterprise participation levels, and so on.

b) If a state agency declines the initiation letter either expressly or by lack of response, or does not adhere to the instructions outlined in the letter, purchasing authority will be revoked by the due date provided in the letter.

c) Online Orientation/Training.

An online orientation to the accreditation process is available on the DGS/PD's website: <http://www.dgs.ca.gov/pd/Programs/Delegated.aspx> and is accessible at the participant's convenience. PCOs and PACs are encouraged to review the online orientation/training, however, it is not mandatory.

Step 3: Submission of Required Documentation by State Agencies

a) State agencies must submit the required documents identified in the initiation letter to the purchasing authority

specialist by the due date specified in the letter. The due date is typically the first day of the identified review period month which may vary slightly depending on the day of the week that the first of the month falls on.

New applicants (state agencies that have never been granted purchasing authority) must submit the required documents identified in the Purchasing Authority Accreditation Application at the time of submission.

State agencies are responsible for ensuring that documents submitted are:

1. Complete
 2. Submitted electronically in the prescribed file format
 3. Viewable when submitted electronically without the need to rotate the document(s)
 4. In final form; not draft
 5. Dated
 6. Proven authentic to the state agency
- b) State agencies will be asked to resubmit documents that do not conform to these requirements which may cause a lapse in purchasing authority due to postponement of the accreditation process. These documents are critical since they are used to assess the degree to which state agencies meet standards which determines the accreditation decision.
- c) State agencies (except new applicants) will be required to either submit and/or make available specific procurement files. These requests will either be emailed to the PCO during the review period month or requested during the site visit. State agencies are required to submit and/or make available the requested files as soon as possible and no later than two calendar days from the request date. The request will identify if the files shall be submitted (electronically) or made available for review at the state agency's office.
- d) DGS reserves the right to request additional documentation for review as needed.

Step 4: Review of Documentation Submitted by State Agencies

a) **Completeness Review**

The purchasing authority specialist conducts an initial completeness review of the submitted documentation. Once it has been determined that documents submitted by state agencies are complete, the purchasing authority specialist will proceed with performing a review of conformity with the accreditation standards.

If it is determined that documents submitted by state agencies are incomplete, the PCO will be notified via email. State agencies will be required to complete the request for information within five business days. Failure to comply with this timeframe may result in a lapse of purchasing authority due to postponement of the accreditation process.

b) **Conformity with Accreditation Standards**

Once it has been determined that the documentation submitted by state agencies is complete, the documentation will be evaluated for conformity with accreditation standards utilizing the Standards and Measures document.

c) **Deficiencies**

The purchasing authority specialist will also utilize the Standards and Measures document to communicate

areas that are deficient and in need of immediate attention. Deficient items must be corrected in order to proceed with the next step of the accreditation process. The purchasing authority specialist will collaborate with the PCO to reach a realistic due date based on the magnitude of deficiencies.

d) Procurement File Reviews (not applicable to new applicants)

During the accreditation process, the purchasing authority specialist will also evaluate procurement files for conformity with accreditation standards utilizing a series of checklists contained in an electronic spreadsheet. The review of the procurement files will typically be coordinated with the site visit but may occur prior to or after the site visit. Documentation of findings as a result of the procurement file review will occur during step 6 of the accreditation process.

Step 5: Site Visit

The purpose of the site visit is to conduct a comprehensive review through the combination of interviews, and visual observations of the state agency. The state agency will have an opportunity to describe its operations and demonstrate capability to meet standards. During the site visit, the purchasing authority specialist will focus on gathering information to:

(1) validate and verify the evidence presented in the submitted documentation; (2) understand the context in which the documentation is implemented by the state agency; (3) ask for additional documentation, at their discretion, to supplement what they received prior to the site visit; (4) review and evaluate procurement/contract files (not applicable to new applicants), and (5) make visual observations. The purchasing authority specialist will gather information through on-site interviews with agency staff; this may include verification of on-site materials, systems, policies, etc.

The purchasing authority specialist will not make any comments regarding possible or recommended accreditation status at any time during the site visit.

a) Schedule

Scheduling of the site visit is dependent upon the quality of the documentation submitted in the previous step. Since interviews are utilized in the site visit to validate the application of policy and procedures, the site visit cannot commence if the purchasing authority specialist has identified significant quality issues with the policy and procedures documentation.

The purchasing authority specialist schedules the site visit with the PCO. Site visit dates are scheduled during the purchasing authority review period based on a triennial accreditation schedule (not applicable to new applicants). Scheduled dates will allow the purchasing authority specialist sufficient time to conduct a thorough review of documentation prior to the visit and ensure availability of state agency staff for interviews and meetings.

b) Agenda

The purchasing authority specialist prepares an agenda for the site visit. The site visit agenda may include, but not be limited to: an entrance conference; visual observations of procurement/contract files, interviews with key personnel staff; a request for additional information; and an exit conference to summarize or highlight major identified strengths, challenges and opportunities for improvement.

c) Interviews

The PCO must be on site and available for the entire site visit. The PCO in collaboration with the purchasing

authority specialist will determine which procurement and contracting staff will participate in the site visit interviews.

d) Timeframe

The length of the site visit depends on the size of the state agency and the current or proposed purchasing authority tier placement.

Step 6: Assessment

Throughout the accreditation process the purchasing authority specialist utilizes the Standards and Measures document to assess conformity with standards by documenting how the measure was demonstrated, details on areas in need of improvement, or areas of excellence and unique promising practices.

The assessment summary provides the outcomes of standards measured throughout the process. The draft assessment summary along with the supporting documentation will be shared with the PCO. The PCO is afforded the opportunity to review, comment and discuss the draft assessment summary with the purchasing authority specialist. The PCO must provide comments and/or request a meeting with the purchasing authority specialist within ten business days of receipt of the draft documents.

In order to determine a final accreditation decision, the PCO may be required to provide a plan of correction for specific areas identified in the Standards and Measures. The plan of correction must be submitted to the purchasing authority specialist within ten business days of the request. The PAU Supervisor may make exceptions to this time frame upon receipt of a written request by the PCO explaining the compelling business need to extend the due date. The request must also identify a due date that is achievable. The purchasing authority specialist must concur with the corrective measures submitted by the PCO in order to move to the next step of the accreditation process. Assessment information including the summary may be revised at any time up until the purchasing authority specialist submits the final accreditation decision package.

Step 7: IT Purchasing Authority (New State Agencies and Increases – ONLY) and Consultation by the California Department of Technology (CDT)

In accordance with Public Contract Code (PCC) section 12102.2(e), State Administrative Manual (SAM) 5200.5, and Chapter 1 of the State Contracting Manual (SCM), DGS will consult with CDT before granting IT purchasing authority to state agencies. This requirement only applies when DGS is granting purchasing authority and does not apply when DGS is reviewing state agencies that have already been granted purchasing authority.

Therefore, for new state agencies and agencies that are receiving a general increase (tier upgrade), the purchasing authority specialist will prepare an accreditation decision package and route to CDT for consultation. The package will consist of:

1. Purchasing Authority Approval Letter (new or revised)
2. Completed Standards and Measures spreadsheet (identifying areas of conformity, areas in need of improvement and plan of correction).

The purchasing authority specialist will email the package to CDT at technologyprocurements@state.ca.gov. CDT will have five working days in which to review and provide comments (not approve) regarding the recommended tier placement.

If CDT objects to the recommended tier placement of the state agency, CDT must provide specific evidence and justification to support why the state agency's procurement staff and program are not capable of conducting

acquisitions within the recommended tier and recommendations on how the state agency can improve.

The purchasing authority specialist will share information provided by CDT with the state agency's PCO and allow the PCO an opportunity to respond within five working days. The purchasing authority specialist will analyze the information provided by both CDT and the PCO and make a final decision following the process identified in Step 8 below.

Step 8: Accreditation Decision

Accreditation of a state agency is based on demonstration of conformity with established standards and is an indication of the state agency's capacity to properly manage and administer a purchasing program.

The PD Deputy Director has the ultimate decision authority. The PD management team is charged with reviewing recommended accreditation status provided by the purchasing authority specialist.

Each accreditation review results in one of the following five accreditation decisions:

1. Accredited
2. Accredited with Deficiencies and Plan of Correction
3. Accredited with Reduction in Purchasing Authority
4. Accredited with Increase in Purchasing Authority
5. Not Accredited – Revoke Purchasing Authority

The purchasing authority specialist will prepare an accreditation decision package and route for review and approval. The package will consist of:

1. Route Sheet
2. Purchasing Authority Approval Letter (existing, new, or revised)
3. Completed Standards and Measures spreadsheet (identifying areas of conformity, areas in need of improvement and plan of correction).
4. Confirmation of consultation with the CDT for IT purchasing authority (only applicable to decisions for new state agencies and increases in IT purchasing authority).

PD management may request additional information prior to approving and may also request new or revisions to proposed plans of correction. An accreditation decision is reached once the requested modifications have been made.

The purchasing authority specialist will email the PCO a certificate of accreditation and in some cases, a new or revised Purchasing Authority Approval Letter (PAAL) as applicable, which is the official accreditation decision within five business days of the accreditation decision approval.

If the accreditation process required CDT's consultation (see Step 7), then the purchasing authority specialist will copy CDT on the email sent to the PCO using the following email address technologyprocurements@state.ca.gov.

Step 9: Plan of Correction Follow-Up

The purchasing authority specialist will follow-up on plans, mutually agreed to by DGS and the state agency, to correct areas of non-conformity identified in the Standards and Measures spreadsheet.

If the state agency fails to comply with implementing corrective actions by specified due dates or to the extent agreed to, the accreditation decision will be revisited. Revisiting the accreditation decision may result in a reduction or revocation of purchasing authority.

If the state agency complies with implementing corrective actions by specified due dates or to the extent agreed to, the accreditation decision may be revisited. Revisiting the accreditation decision in this scenario may result in restoring purchasing authority at current or increased levels.

ATTACHMENTS:

- 1) Standards and Measures
- 2) Purchasing Authority Accreditation Application
- 3) California State Agency Purchasing Authority Tiers 1 thru 4
- 4) Purchasing Authority Change Request (PACR)