

A Needs Assessment for the Review and Re-organization of the District’s Current Purchasing Policy Document

Introduction

In November of 2019 the Board referred the question to the Policy Committee regarding the District’s policy on purchasing used equipment. In response the Policy Committee created an ad hoc sub-committee to review the current Purchasing Policy and recommend to the Committee how best to proceed. After that initial review by the sub-committee the Policy Committee put the project on hold in favor of more pressing business. Since that time there has been no change to the District’s Purchasing Policy. Therefore, in creating this *Needs Assessment* we bring forward the results of that earlier review and make the following observations and recommendations.

Observations

1. The District’s current Purchasing policy document was last reviewed by the Board in September of 2015. Nearly eight years have passed since then and it is likely some of the document is out-of-date.
2. The current Purchasing policy document is a pastiche. It appears that it has been allowed to grow without reorganization. Related items aren’t always placed together. (For example, the ten sections of *Article XVI Additional Purchasing Policies and Procedures* contain directives that would more logically appear in other sections of the document.) As a result, users must read the entire document to be certain they have the complete guidance regarding a given purchasing activity or decision.
3. The current Purchasing policy document is too broad. It covers not just purchasing but four other CSDA policy categories. As a result, it becomes difficult to identify duplications and contradictions with other District policies.

(As an example, listed here with their CSDA numbers are the five CSDA policy categories covered by the current Purchasing document:

- 2110 Budget Preparation;
- 2115 Credit Card Use (plus some additional travel related requirements);
- 2120 Employment of Outside Contractors and Consultants -- including bids and professional services agreements;
- 2125 Expense Authorization – including commitment authority, signing authority, approval requirements, purchase orders, open purchase orders, invoice approval procedures and petty cash procedures;
- 2135 Purchasing – including procurement methods, documentation requirements, quotations, check signing procedures, conflict of interest and vendor lists.)

4. The current document does not distinguish between policies and procedures properly established by the Board and operational policies and procedures that that might be better left up to the General Manager.

Recommendations

We recommend that the Policy Committee:

1. re-order and reorganize the current District Policy document into the CSDA policy categories and apply the CSDA numbering system;
2. review the reorganized Policy document to identify duplications and contradictions with other, current District policies and report back to the Board for further direction;
3. review the reorganized Policy document to identify those operational policies and procedures that would be better left up to the General Manager and report back to the Board for guidance.

Appendices

- A. Sample Table of Contents of a reorganized & re-ordered policy document with CSDA numbering
- B. Sample pages from a comparison between the current policy document and the proposed new reorganized and re-ordered document

CCSD PURCHASING AND RELATED POLICIES

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POLICY 2110 BUDGET PREPARATION

POLICY 2115 CREDIT CARD USE

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3A – Added 4/24/2023

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2135.1.3 Purchasing materials, goods and services from small and minority businesses, women’s business enterprises, and labor surplus area firms

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2135.10 PROCUREMENT METHODS

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3A – Added 4/24/2023

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Appendix B

Original Purchasing Policy

PURCHASING POLICY

I. PURPOSE

A. The Board of Directors for the Cambria Community Services District (“CCSD”) adopts the overall CCSD purchasing policy and implements it through the adoption of the annual budget, which is then administered by the General Manager. This policy will be used by CCSD staff to secure supplies and equipment at the lowest possible cost commensurate with quality needed and to exercise positive financial control over purchases. In the event that the CCSD does not have an approved budget, only essential goods and services may be obtained until such time as the annual budget is adopted. The responsibility for that that is not authorized on its chart of accounts: buying materials and services is assigned to staff members skilled in negotiating cost reductions and purchasing within the budgeted funds.

B. Goals of this policy are:

- to purchase needed items at the best possible price and at the best possible value within the required deadlines and maintain the necessary support for CCSD operations; and
- to establish procurement standards that comply with requirements contained in Federal regulations to receive grant funding.

When the best possible value conflicts with the best possible price, a detailed justification for the best possible value shall be prepared.

Policies & Procedures in CSDA Format.

(Italics are Operational)

POLICY 2135 PURCHASING

2135.1 INTRODUCTION [I.]

2135.1.1 Purpose [I.A.]

The Board of Directors for the Cambria Community Services District (“CCSD”) adopts the overall CCSD purchasing policy and implements it through the adoption of the annual budget, which is then administered by the General Manager. This policy will be used by CCSD staff to secure supplies and equipment at the lowest possible cost commensurate with quality needed and to exercise positive financial control over purchases. In the event that the CCSD does not have an approved budget, only essential goods and services may be obtained until such time as the annual budget is adopted. The responsibility for that that is not authorized on its chart of accounts: buying materials and services is assigned to staff members skilled in negotiating cost reductions and purchasing within the budgeted funds.

2135.1.2 Goals

- A. to purchase needed items at the best possible price and at the best possible value within the required deadlines and maintain the necessary support for CCSD operations; and
- B. to establish procurement standards that comply with requirements contained in Federal regulations to receive grant funding.

When the best possible value conflicts with the best possible price, a detailed justification for the best possible value shall be prepared. [I.B. par. 2]

C. At the beginning of each fiscal year the Finance Manager will issue a complete CCSD Budget approved by the Board of Directors. [. . . (see below)] A monthly or quarterly status report will be issued showing a comparison between budgeted amounts and the department purchasing activity.

C. [. . .(see above)] This budget contains the purchasing account titles, description of line items, and numbers corresponding with budgeted funds for each item. Each CCSD department will receive its own budget for conducting purchasing transactions. It is the responsibility of each department manager to control spending and monitor the funds in the account line items that they are authorized to use. [. . . (see above)] All CCSD department purchases will be identified with the appropriate line item account number by the requestor. All unbudgeted expenditures that are approved and paid through the system are to be tracked. The following will occur if a department must purchase an item

1. Obtain the approval from a department that is authorized to purchase the items. This will require the authorized department manager to initial the purchase order.

2. The General Manager or Administrative Services Officer approves the purchase transaction.

II. PROCUREMENT STANDARDS

A. All materials, goods and services shall be procured using one of the following five methods of procurement.

1. Procurement by micro-purchases.

POLICY 2110 BUDGET PREPARATION

2110.1 At the beginning of each fiscal year the Finance Manager will issue a complete CCSD Budget approved by the Board of Directors. A quarterly status report will be issued showing a comparison between budgeted amounts and the department purchasing activity. [I.C.]

This budget contains the purchasing account titles, description of line items, and numbers corresponding with budgeted funds for each item. Each CCSD department will receive its own budget for conducting purchasing transactions. It is the responsibility of each department manager to control spending and monitor the funds in the account line items that they are authorized to use. All CCSD department purchases will be identified with the appropriate line item account number by the requestor. All unbudgeted expenditures that are approved and paid through the system are to be tracked. The following will occur if a department must purchase an item

A. Obtain the approval from a department that is authorized to purchase the items. This will require the authorized department manager to initial the purchase order.

B. The General Manager or Administrative Services Officer approves the purchase transaction

2135.10 PROCUREMENT METHODS [II.]

All materials, goods and services shall be procured using one of the following five methods of procurement. [II.A.]

2135.10.1 Procurement by micro-purchase [II.A.1.]

3A – Added 4/24/2023

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold, currently \$3,000 established in Federal Code of Regulations (§200.67). [. . .(see below)] Micro-purchases may be awarded without soliciting competitive quotations if the price is reasonable.

[. . . (see above)] To the extent practicable, micro-purchases will be distributed equitably among qualified suppliers. [. . . (see above)]

2. Procurement by small purchase procedures

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or property that do not cost more than the Simplified Acquisition Threshold, currently \$150,000, established in the Federal Code of Regulations. [. . . (see below)]

Price or rate quotations must be obtained from an adequate number of qualified sources.

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold, currently \$3,000 established in Federal Code of Regulations (§200.67). Micro-purchases may be awarded without soliciting competitive quotations if the price is reasonable.

C. To the extent practicable, purchases will be distributed equitably among local businesses and suppliers. [II.A.1. part (with change)]

2135.10.2 Procurement by small purchase procedures [II.A.2.]

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or property that do not cost more than the Simplified Acquisition Threshold, currently \$150,000, established in the Federal Code of Regulations.

Price or rate quotations must be obtained from an adequate number of qualified sources.