



# OAKDALE IRRIGATION DISTRICT

## Miscellaneous Policies and Procedures

*Title*  
1 – FINANCE

*Chapter*  
1 – District

*Section*  
1.113 Procurement Policy

Adopted: March 16, 2004

Revised: DRAFT

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### **PURPOSE:**

To define the practices and policies governing the procurement of supplies, materials, equipment and services, including construction and capital improvements for the Oakdale Irrigation District (OID). This Procurement Policy (Policy) is the written rule and regulation required by California Government Code section 54202 and serves as OID administrative policies and procedures governing procurement activities. This Policy is compliant with Title 2 of the Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

### **SCOPE:**

This policy applies to all employees with authorization to make purchases, secure consulting and miscellaneous contract services for the Oakdale Irrigation District.

### **POLICY SECTIONS:**

1. Policy Statement
2. Requisitions & Purchase Orders
3. Receiving
4. Formal Bidding/Quotations
5. Inventory Control
6. Finance Department Accounting and Policy Compliance Assurances

Exhibit A – Bid Requirements and Authorization Limits for Budgeted Expenditures

Exhibit B – Exceptions to Authorization Limits and/or Formal Bidding

Exhibit C – Exceptions to Centralized Procurement

### **Section 1      Policy Statement**

California law requires all local agencies to formally adopt policies and procedures governing the acquisition of materials, supplies, equipment and services as referenced below.

*“California Government Code section 54202: Every local agency shall adopt policies and procedures, including bidding regulations, governing purchases of supplies and equipment by the local agency. Purchases of supplies and equipment by the local agency shall be in accordance with said duly adopted policies and in*



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*accordance with all provisions of law governing same. No policy, procedure, or regulation shall be adopted which is inconsistent or in conflict with statute. “*

This Policy is subject to change by the Board of Directors. Temporary increases in authorization limits created by a declaration of emergency and resolution of the Board of Directors will supersede limitations in this policy until the emergency declaration is repealed.

### General Procurement Policies

All purchases, agreements, services, leases, and/or contracts for materials, supplies, equipment, and other OID property shall be made in accordance with this Policy.

- a) Procurement practices shall comply with laws, regulations and guidelines of the State of California and the provisions of grant or funding agreements, if applicable.
- b) Any employee effecting any procurement action outside of the policies and procedures established within this manual, and without Board authorization to do so, may be subject to disciplinary action and/or termination.
- c) Splitting or separating of material, supply, service, lease, and equipment orders or projects for the expressed purpose of evading the requirements of this Policy is strictly prohibited.
- d) Contract administration methods shall be maintained to assure that goods and services received by OID meet the terms and conditions of the contract. The General Manager, or delegate, is authorized to sign contracts after required authorization per Exhibit A.
- e) Purchasing authority for the capital and contracted acquisition of materials, supplies, equipment and services shall be centralized under the Purchasing Staff (Purchasing) within the Finance Department and in such persons who are officially designated in Exhibit A. The Chief Financial Officer and Purchasing Staff will ensure performance within the guidelines prescribed by law, by legal opinions, and in accordance with established OID policies and procedures. Exceptions to the centralized procurement is provided in Exhibit B.
- f) Operation, Maintenance and Capital purchases including materials, supplies, inventory items, and rentals do not require Board approval if services are performed by OID forces. Operation, Maintenance and



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Capital services performed by outside contractors and large equipment purchases require Board approval if the total cost is above the General Manager's approval authority.

g) Any amendment to any purchase order or contract that will increase OID's adopted annual budget will require Board approval.

h) Contracts shall contain a Hold Harmless and Indemnification clause and insurance requirements as recommended by the Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA). Contractor shall provide Certificate of Insurance and Additional Insured Endorsement prior to work commencing.

### **Section 2      Requisitions and Purchase Orders**

#### **Requisitions**

Requisitions communicate to the Purchasing Staff, in clear and explicit terms, the needs of the requestor. The requisitioning process also provides a mechanism for obtaining the approvals necessary to authorize Purchasing to proceed with the acquisition.

A completed Requisition will be routed for authorized signature by the requestor and submitted to Purchasing to obtain any goods, services, materials or equipment unless included in the Exceptions listed in Exhibit C. A requisition with receipts attached is be required to be remitted to Accounts Payable for invoice matching after authorized staff has made the purchase outside of centralized purchasing.

If the requestor has received vendor quotes, they should be attached to the Requisition or emailed to Purchasing to evaluate and move forward in the procurement of the goods or service. If no quotes are provided, but they are required in Exhibit A, Purchasing will obtain quotes, but it may delay the processing of the Requisition.

#### **Purchase Orders**

Purchase Orders will be completed for purchases of all inventory and capital project materials and for purchases exceeding the limit set in Exhibit A.



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### **Section 3**      **Receiving**

Standard Operating Procedures have been developed to provide internal controls for receiving of purchased materials.

### **Section 4**      **Competitive Bidding/Quotations**

Competitive Bidding (bidding) is required when purchases meet or exceed the Bid Requirements listed in Exhibit A for Capital Purchases and Contracts with outside vendors. Purchases under the limits in Exhibit A and purchases of materials, supplies, and services expensed or placed in inventory are not subject to the bidding requirements in Exhibit A. Materials purchased for improvement projects performed by District staff, which are capitalized for accounting purposes, are not considered capital purchases in regards to bidding requirements. Exceptions to the bidding process are listed in Exhibit B.

Based on the limits in Exhibit A, the General Manager or Board of Directors may grant exceptions to bidding due to emergency conditions, supply limitation, or other circumstances with justification for such waiver documented with the acquisition. For the purposes of Public Contract Code section 3400, the General Manager has been authorized by the Board to make Single/Sole Source findings and will document the Single/Sole Source Justification for procurements of any dollar amount notwithstanding his/her authority.

Vendors located within the District's service boundary will be given a local preference credit of 5% but not greater than \$5,000 when evaluating bids for supplies, equipment, materials, and services. All bidding will conform to local, state and federal laws.

Written quotes, verbal quotes, and Comparative Shopping shall be utilized when making purchases of items as allowed in Exhibit A. Comparative Shopping should be utilized when making purchases of materials, supplies, and tools by Purchasing as well as those categories of purchases exempt from Centralized Purchasing per Exhibit C.

### **Section 5**      **Inventory Control**

Standard Operating Procedures have been developed to provide Inventory Controls to track and maintain economical stock levels of District materials, supplies, tools, and equipment and for the dispensing of such items.



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Each Department Manager, or when delegated, the appropriate supervisor, is charged with the responsibility for maintaining sufficient quantities of expensed items, including tools supplies and materials, on hand for the efficient and timely operation of his or her assigned department.

Inventory Cycle Counts and annual inventory of materials are conducted in accordance with Accounting Standards.

### **Section 6**      **Finance Department Accounting and Policy Compliance Assurances**

Finance Department staff reviews all procurement documents for accuracy, completeness and compliance with the procurement policy The Board of Directors shall address exceptions or non-compliance with the policy on a case-by-case basis if not resolved at the staff level.



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### Exhibit A

#### Authorized Approval Limits and Bid Requirements

The authorized purchase limits and bid requirements below apply to purchases that are approved budgeted items. All capital expenditures and contracted services are subject to the authorization limits and bid requirements listed below. Materials purchased for improvement projects performed by District staff, which are capitalized for accounting purposes, are not considered capital purchases in regards to bidding requirements. As all capital improvement projects are approved by the General Manager, purchase of materials for those projects are approved at that time. Temporary authorizations may be made with Board approval during a declared emergency or interim position appointments.

Any amendment to any purchase order or contract that will increase OID’s adopted annual budget will require Board approval. Managers and supervisors are responsible for ensuring that annual operating budget expenditures not budgeted individually remain within the annual budgeted amounts and are consistent with the intended purpose.

<b>Authorization Limits for Contracts and Capital Expenditures</b>		<b>Operating Expenditures of supplies, materials and services which are expensed or placed in inventory.</b>
<b>Position Held</b>	<b>Authorized Purchase</b>	<b>All purchases over \$3,000 must have approval and signature of one of the following positions</b>
Supervisors	\$3,000	Construction and Maintenance Manager
CFO/Managers	\$25,000	District Engineer/Water Operations Manager
General Manager	\$100,000	Chief Financial Officer
Board of Directors	over \$100,000	General Manager

<b>Bidding/PO Requirements for Budgeted Expenditures</b>		
Purchase Limit	Bid Requirements	PO/Contract Required
Less than \$1,000	Comparative Shopping	NO
\$1,000-\$4,999	3 verbal quotes	NO
\$5,000 - \$25,000	3 written quotes	YES
over \$25,000	Competitive Bidding/Cooperative Purchasing	YES



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## Exhibit B

### Exceptions to Authorized Approval Limits

#### Emergency Purchases

The General Manager may initiate work with consultants and contractors costing in excess of the Authorized Approval Limits and/or the Bidding Requirements, as established in Exhibit A, if it is determined that service involving the public health, safety, or welfare would be interrupted if the normal procedure were followed. All emergency purchases, which would otherwise require competitive bidding procedures, shall be submitted to the Board of Directors for ratification at the next regular Board meeting after the purchase is authorized.

### Exceptions to Formal Bidding

#### 1. Single/Sole Source Providers

Where a single brand, product or service is needed to comply with standardization or warranty requirements, or where the product is proprietary in nature, the General Manager is authorized to approve single/sole source purchases. The justification for the single/sole source purchase that allows for a non-competitive purchase will be documented with the purchasing documents and should be approved by the General Manager in advance.

#### 2. Cooperative Procurement

The District may participate in purchases and contracts established by other political jurisdictions, or cooperative purchasing organizations provided the cooperative agreement is established following a competitive bid process.

#### 3. Operating Expenditures and Projects Completed by District Employees

Materials, supplies, and services expensed or placed in inventory are exempt from competitive bidding requirements. Materials purchased for improvement projects performed by District staff, which are capitalized for accounting purposes, are not considered capital purchases in regards to bidding requirements. Purchases to replenish the District's warehouse inventory within the established inventory re-order levels require no prior authorization if the vendor being utilized has been selected within the last twelve months as one of the designated vendor for the items or class of items to be purchased.



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## Exhibit C

### Exceptions to Centralized Procurement

Any purchase for supplies, materials, equipment and/or services, other than those exceptions listed below, shall not be made outside of centralized Purchasing without the approval of the Chief Financial Officer or General Manager.

Any purchase made without the proper authorizations will be deemed void and of no effect and will be subject to non-payment. The individual employee responsible for creating the unauthorized obligation may be subject to disciplinary action and/or subject to termination.

Purchases that are exempt from the centralized procurement process are limited to the following, and authorization for these transactions shall be in accordance with the approval limits and dollar thresholds set forth in Exhibit A.

<b>Exceptions to Centralized Procurement</b>	
Advertisements	Medical Services
Agency contributions	Memberships, dues & subscriptions
Application Fees	Notices
Attorney and Legal Fees	Payroll related expenses
Bank Charges and Fees	Pension payments
Board/Employee Lunches	Petty Cash
Bond Transactions	Postage
Books and reference materials	Refunds
Claims	Retail Account charges *
Credit Card Purchases	Travel Conference & Education
Disposal of Project Debris	Utilities
Debt Service Payments	Vendors With Contracts or GSA**
Fees & Permits	Vendors With Contracts or PSA***
Insurance Premiums	Other items determined by CFO/GM

\*Retail account charges should be limited to immediate need items

\*\*GSA-General Service Agreement

\*\*\*PSA - Professional Service Agreement