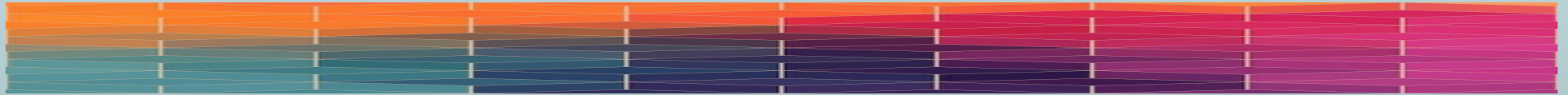


FUNDAMENTALS OF PURCHASING



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ACKNOWLEDGEMENTS

P101/201 information and handouts were prepared with the assistance from the law firms of Fagen Friedman and Fulfrost, LLP and Lozano Smith, Attorneys at Law. Their contributions to review all materials and assist with the presentation are deeply appreciated.

Disclaimer: All the information and handouts provided are not to be deemed legal advice. As legal interpretations may vary, we encourage all attendees to consult with their County Office of Education and/or legal counsel prior to using any samples provided.

Introduction to Purchasing

- The role of the Purchasing Department in the Organization
 - As government employees, you have an important role in preserving the integrity of public contracting and assuring fair treatment of bidders, offerors.
 - Protect the interest of the taxpayer
 - Secure the best value
- Objectives of a Service Oriented Department
 - Provide customer service to staff, faculty, and students to ensure that they have the tools and materials for an effective educational program.



STANDARDS OF PURCHASING PRACTICE

- To regard public service as a sacred trust, giving primary consideration to the interests of the governmental entity by whom we are employed.
- To purchase the best value obtainable, securing the maximum benefit for each tax dollar expended.
- To avoid unfair practices, giving all qualified vendors an equal opportunity.
- To respect our obligations to our organization.
- To accord vendor representatives the same treatment we should like to receive, remembering that they are important sources of information and assistance in our buying problems.



STANDARDS OF PURCHASING PRACTICE

- To strive constantly for greater knowledge of purchasing methods and of the materials we buy.
- To be receptive to counsel from our colleagues and to cooperate with them to promote a spirit of unity.
- To conduct ourselves with fairness and dignity and to demand honesty and truth in buying and selling.
- To cooperate with all organizations and individuals engaged in enhancing the development and standing of the purchasing profession.
- To remember that everything we do reflects on the entire purchasing profession and to govern our every action accordingly.



Purchasing Methods Overview

- Competitive Bidding Requirements
- Bidding Exceptions
- Donations of Equipment and Work to be Done (Volunteer Projects)
- Informal Purchasing Methods
- Formal Bids & RFP's



Bidding Requirements

- Bid Limits
 - \$15,000 for Public Works (except for CUPCCAA Districts)
 - \$90,200* for Goods & Services
 - The purchase of equipment, materials, or supplies to be furnished, sold, or leased to the district.
 - Services, except construction services.
 - Repairs, including maintenance as defined in Section 20115, that are not a public project as defined in subdivision (c) of Section 22002.
- Professional Services & Consultants

*PCC 20111: \$50,000 adjusted annually by the Superintendent of Public Instruction



Bidding Exceptions

- Bidding Exceptions:
 - Change Order for Material and Supplies (PCC §§ 20118.4/20659.)
 - Computers, Software, Telecommunications Equipment, Microwave Equipment and Related Electronic Equipment and Apparatus (PCC 20118.2)
 - Educational Material (PCC §§ 20118.3; GC § 81651.)
 - Perishable Foodstuffs and Seasonal Commodities (GC § 38083; PCC § 20660.)
 - Surplus Federal Property (GC §§ 17602/81653.)
 - Energy Service and Conservation Contracts (GC §§ 4217.12/15814.10; GC § 81660.)
 - “Piggybacking” on other Public Agency Contracts (GC § 17595; PCC §§ 20118, 20652, 20653; GC § 14931.)
 - Acquisitions from California Multiple Award Schedules (CMAS) Including Acquisitions of Information Technology Goods and Services (GC, §§ 10290 - 10299 and 12100.)
 - Emergency Repair Contracts (PCC §§ 20113/20654, CUPCCAA PCC 22035 & 22050)
 - Day Labor (PCC §§ 20114/20655.)
 - Contracts for Special Services (GC § 53060.)
 - Joint Powers Agency Purchasing Agreements (GC § 6500, et seq.)
 - Other Exceptions.
 - “Public Policy” Exception.
 - Completion of Construction Contracts Upon Default of Contractor.



Donations

- Donations
 - Cash
 - Equipment
 - Services
- Volunteer Work
 - Prevailing Wage (if workers are paid)
 - Insurance, DSA, Permits
 - DIR Registration may apply



THE BID & CONTRACTING PROCESS

Question

- Is a Purchase Order a Formal Contract?
 - Offer
 - Acceptance
 - Consideration



Informal Purchasing Methods

- Requisitions/Purchase Orders
 - Requests for Quotation
- Revolving Cash
- Open/Blanket Orders
- Procurement Cards
- Reimbursement



Formal Bids & RFP's

- Bids for Equipment, Materials & Supplies
 - Cooperative Purchasing & State Contracts
 - Joint Powers Agreements
 - Piggyback Bids
 - Leasing
- Requests for Proposals/Request for Qualifications/Statement of Qualifications
- Construction Bids



Child Nutrition

- Bidding Requirements: Federal/State
 - RFP
 - IFB
- Meeting Nutrition Standards
- Line Item Bids / Methods of Award
- Dealing With USDA and CDE Complaints



Federal Requirements

- Micro Purchase: \leq \$3,500
- Small Purchase: \leq \$150,000 (federal limit) or more restrictive state limit.
- Formal Purchase Threshold: $>$ \$150,000
- Requirement for specific certifications.
- Compliance with local and state purchasing laws. Most restrictive law applies.



Contracts

- Contract Components
- Insurance & Indemnity for Non-Construction Agreements
- Documenting Problems with a Contract and Termination



GENERAL PURCHASING MATTERS

Other Purchasing Matters

- Sales and Use Tax
- Year-end Closing
- Vendor Relations
- Surplus Property
 - Disposal of Instructional Materials
- Board Policies
- Delegation of Authority



Year-end Closing

- Expediting
- Deadlines
- Carryover
- Audit Preparation



Vendor Relations

- What Vendors, Buyers, and Customers Need to Know
- Negotiating for Best Prices



Disposal of Surplus Property

- Surplus Property
 - Board Authorization
 - Donation
 - Disposal
 - Instructional Materials



Surplus Property & Board Policies

- Board Polices
 - Maintaining Policies
 - Using General Wording
 - Policies of Note:
 - Records Retention (Electronic Mail)
 - Technology (Recent Legal Changes)
 - Conflict of Interest



Delegation of Authority

- Delegation of Authority by Governing Board (EC 17604 & 17605)
 - Resolution
 - Ratification Requirements
 - Warrant Listing v. PO Listing



Service Agreements

- Service Agreements vs. Independent Contractors
- Independent Contractor Procedures
- Maintenance Contracts
 - Insurance Requirements
- Non-Public Schools – Contracts & Documentation
- Technology & E-Rate Agreements
- Negotiation of Terms & Conditions



Supplies & Equipment Purchases

- Line Item Bids
 - Method of Award
- Substitution of Specified Items / Discontinued Items
- Escalation / De-escalation
- Fuel Charges / Distance Charges /Hidden Cost



Other Purchasing Issues

- Foreign Purchase / IRS Regulations
- Records Retention
- Public Records Requests



Quiz Question

- Is it permissible and/or ethical to disclose one vendor's price to another when attempting to get best pricing on a quote?



Ethics

- Accountability & Purchasing Authority
- Code of Ethics
- Vendor Relationships
 - Policies Relative to Bidding Practices
- Professionalism in Buying
- Conflict of Interest Statements



Resources

- FCMAT Cooperative Purchasing List - <http://www.fcmat.org/maillingLists>
- Handouts:
 - Purchasing Handbooks
 - Online Resources
 - Sample Forms



QUESTIONS

