Chapter 2 – Procurement Planning

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Chapter 2

Procurement Planning

Overview

Introduction

The purpose of this chapter is twofold. The first is to layout the foundation of the role of the buyer involved in a department's purchasing authority program. This includes a discussion on conduct, ethics and good business practices during and after the procurement process. The second is to describe the preliminary considerations and activities that ensure the success of any procurement effort. These considerations include determining the class of procurement, non-IT or IT, goods or services, identifying pre-procurement approval requirements and processes, and selecting the most suitable procurement approach for a purchase.

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Section A

Getting Started - All Things Considered

Overview

Introduction

Understanding the role of the purchasing authority buyer, knowing the basic rules and applying them appropriately throughout the procurement process is key to executing any procurement activity and demonstrates a department's ability to manage a quality purchasing authority program.

Simply put, purchasing authority buyers, hereafter referred to as "buyers", will be successful in their purchasing activities when they:

- Know and understand the scope of their department's approved purchasing authority,
- Know and follow the rules applicable to State purchasing,
- Correctly use the appropriate procurement approach, and
- Pay attention to details.

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This section contains the following topics:

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Topic 1 – The Buyer's Role

2.A1.0 Fiduciary responsibility

Buyers have a fiduciary responsibility to California's citizens and taxpayers to protect the State's interest as a whole and, in particular, to safeguard the resources of their department.

The person signing the purchase document certifies, on personal knowledge, that the order for purchasing the items specified is issued in accordance with the procedure prescribed by law governing the purchase of such items for the State of California; and that all such legal requirements have been fully complied with.

2.A1.1 Responsibility over public funds

Departmental personnel, in particular buyers, involved in procurement activities are either directly or indirectly spending public funds and subject to public scrutiny.

Consequently, departmental personnel generally and buyers specifically are reminded to:

- 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 department customers of acceptable business practices, conflicts of interest and respected standards of ethical and moral behavior during any procurement activities involving their participation.
- Seek to maintain and continuously improve their professional knowledge, skills and abilities.

2.A1.2 Watchdog

Buyers also act as a caretaker and/or watchdog over the procurement process, ensuring the needs of their customers are met within stated laws, regulations, executive orders, policies and procedures, while maintaining impartiality, allowing for open competition, reducing waste, preventing improper activities and avoiding conflicts of interest during and after the procurement process.

Topic 2 – Gifts and Gratuities

2.A2.0 Accepting gifts and gratuities

GC sections 89503 and 19990(f) establish the legal authority for departments to create Incompatible Activity Statements for employees to follow. Buyers are responsible for knowing what their department's policies are regarding incompatible activities. In accordance with GC section 19990(f) and in terms of best practices, buyers and employees involved in the procurement process, whether directly or indirectly, are discouraged from participating in the following activities:

- Accepting directly or indirectly any gift, money or equipment, meals, lodging, transportation, entertainment, service or any other favor of value from any person who is doing or seeking to do business with the department you represent.
- Using their position in state government to bestow any preferential benefit on anyone related to them by family, business or social relationship.
- Situations that create the appearance of questionable or unethical practices.

2.A2.1 Consider the consequence

Buyers, after refreshing themselves with their department's incompatible activities policy, are encouraged to answer the following questions when dealing with suppliers who may offer gifts or gratuities:

- Will I violate a law or department policy if I accept this gift?
- What is the intent of the gift?
- Do I or my relatives or friends benefit from the gift?
- Would I mind seeing acceptance of the gift publicized in the news media?
- How will accepting this gift be interpreted by others?

2.A2.2 Avoid making a gift of public funds

In accordance with the California State Constitution, Article 16, section 6, any gift of public funds is strictly prohibited. All expenditures must support the department's mission (function and purpose) and benefit the State to not be considered gifts of public funds.

This includes any advance payments or pre-payments made to a contractor before work has been performed or to a supplier before all products have been received. Refer to Chapter 9, Section A Topic 2 for additional information.

Note: Departments may not procure personal items such as Kleenex, aspirin, glass wipes and/or appliances that are not part of the department's mission.

Continued on next page

2.A2.3 Examples of gifts of public funds

Example #1
A department wants to buy tee shirts with a silk-screened department logo, using its purchasing authority, for employees to wear while participating in a benefit walk/run event. This expenditure is not appropriate, as walking/running past onlookers does not constitute carrying out the department's mission. This is a benefit to the employees, not the department.

Example #2
A department makes a purchase of 50 desk lamps under its purchasing authority, but only receives a partial shipment. The supplier submits an invoice for the complete order and is paid in full for 50 desk lamps. This is an inappropriate payment as the supplier receives the benefit not the department. This payment is made in advance of goods received.

2.A2.4 Example of an acceptable use of public funds

Example #1:
A department experiencing recruitment difficulties wants to buy pencils imprinted with the department's name and phone number, using its purchasing authority, as handouts at an employment fair/convention. The purchase benefits the department by drawing the interest of potential employees attending the event and looking for a job with the department. This purchase would not be considered a "gift of public funds".

2.A2.5 Accepting free or loaner equipment from suppliers

DGS/PD recommends that departments do not accept suppliers' offers of goods or services without cost or obligation to the State. If a department's decision is contrary to this recommendation, the department must execute a purchase transaction (purchase order or contract) to document the agreement.

2.A2.6 Consider before accepting

Before accepting any suppliers' goods and services offered at no cost or obligation to the department, the department must consider the perception of the acceptance to other suppliers.

How does the department remain fair and impartial if a decision is eventually made to solicit the product?

Warning: If a department elects to accept free equipment, the purchase document must state that by accepting the equipment at no cost, the state has no further obligations or hidden costs associated with acceptance.

Section B

Formulating the Procurement Approach

Overview

Introduction

When planning a purchase activity, there are four major areas to consider. Buyers must have the ability to correctly determine:

- The estimated dollar value of the procurement.
- The class of purchase (IT vs. Non –IT and Goods vs. Services).
- What pre-procurement review and approvals are necessary either by State purchasing policies or departmental policies and procedures?
- The most appropriate procurement approach within your department's approved purchasing authority (i.e. PIA, competitive, LPA order).

This section provides the necessary information to begin the planning and scheduling of the procurement process.

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Topic 1 – Classifying the Purchase

2.B1.0 Importance of properly classifying purchases

The ability to properly classify a purchase enables the buyer to conduct the procurement by correctly:

- Applying the appropriate laws, regulations, policies, and procedures.
- Identifying whether or not the department has the applicable purchasing authority to conduct the purchase activity or requires DGS/PD assistance.
- Securing additional approvals and/or waivers as applicable.

The impact of not being able to correctly classify a purchase may result in:

- Delaying a department's program or project.
- Waste of time and effort, ultimately wasting taxpayer money.
- Loss of funding.
- Disputes, protests, and/or lawsuits.
- Illegal contracts.

2.B1.1 Purchase classifications

State purchasing activities are divided into the following three classifications:

- Non-IT goods - tangible or movable products with little or no information technology functionality.
  - Examples:
    Food, furniture, farm animals and office supplies.

- IT goods and services – tangible products or services used mainly for information technology.
  - Examples:
    Personal computers, mainframes, software development or independent verification and validation services. Refer to "Topic 2- Understanding Information Technology Goods and Services" of this chapter for additional information regarding IT goods and services.

- Non-IT services* - primary purpose has someone doing something that is void of any information technology aspect.
  - Example:
    Waste removal or janitorial services.

* **Note**: Non-IT services, unless acquired under an LPA, such as CMAS or MSA, are not covered under the purchasing authority program. Refer to the SCM, Vol. 1, for assistance.

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Topic 1 – Classifying the Purchase, Continued

2.B1.2 Determine the main purpose

Classifying a purchase begins by determining the predominant factor or the major objective and/or purpose of the entire purchase. In doing so, ask yourself the following question:

- What is the sole or main purpose of the purchase?

2.B1.3 Example #1

Non-IT goods

A department purchases a vehicle for enforcement use. The vehicle has been fitted with an electronic mapping system and telecommunications equipment. The purchase is made under the non-IT purchasing authority after securing approvals required from the DGS Office of Fleet Administration. The features of the car are secondary to the purpose of the vehicle, which is a means of transportation.

2.B1.4 Example #2

IT goods

A department buys ten personal computer (PC) keyboards for replacement stock to issue when an existing keyboard fails. The purchase of PC keyboards is considered IT. A PC processes data electronically and the keyboard is a critical component to the operation of the PC. Consequently, the purchase is made under the IT purchasing authority.

2.B1.5 Non-IT vs. IT

There are many items that require IT technologies to function, yet they may not be considered to be IT. If the item is determined to be a non-IT good, the transaction will be treated as a “good” and be acquired under the non-IT goods purchasing authority

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2.B1.6 Distinguishing goods from services

When determining if an acquisition is for goods only, DGS/PD recommends that buyers consider the following concepts:

- Does the contract have as its sole or main purpose the acquisition of tangible items, such as equipment, parts, supplies or other merchandise?
  - ✓ If the main value is a good with minimal or no non-IT or IT services, the purchase is conducted under the non-IT goods purchasing authority.
- What is the main value of the contract – the good or the service?
  If the main value is the service, the transaction should be treated as a service contract.
  - ✓ If the service is non-IT, then the purchase is acquired in accordance with PCC section 10335, SAM section 1200, and the SCM, Vol. 1.
  - ✓ If the service is IT, then the purchase is acquired in accordance with PCC section 12100 et. seq., SAM sections 4800 et seq., 5200 et. seq., SCM, Vol. 2 (PAM) and the Statewide Information Management Manual (SIMM)

Warning: Non-IT services included with the purchase of non-IT goods may not exceed $4,999.99 and must be directly related to the purchase of the goods, such as set up or installation. Non-IT services such as maintenance is not allowed and must be procured separately under the SCM, Vol. 1 unless available on an LPA contract.

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2.B1.7 Examples of goods vs. services

Example:
A manager has requested an office to be painted. The buyer needs to purchase the paint and acquire the painting services. The main value is the labor involved in the application of the paint. The request should be treated as a non-IT service contract and requires the buyer to determine whether or not the service can be purchased through an authorized LPA order or must the service be acquired in accordance with PCC section 10335 and SCM, Vol. 1, outside of the department's purchasing authority.

Example:
A department has developed a graphic depiction of its business process for display in the department's public lobby. A decision has been made to have a custom frame made for the display due to its unique size and amount of public visibility. This would be a non-IT service not subject to DGS/PD purchasing authority because the main purpose is the custom framing services.

Example:
A department requires a business solution that requires specialized software. Currently a commercial-off-the-shelf (COTS) product is not available to meet the department's need. The department feels its business need can be met by developing a customized software application. The main purpose of the purchase is the technical expertise to customize the software product to the department's business problem. The request would be treated as an IT service in accordance with PCC section 12100 et. seq. and the applicable SAM and SIMM IT policies and procedures.

2.B1.8 Need help in classifying purchases?

Buyers needing assistance in determining the classification of a purchase after reviewing the available resources (i.e. SAM, SIMM) should first consult with their department's PAC and may also contact the DGS/PD/PAMS.

Refer to the procurement related resource directory found in the Introduction of this manual or click here to access the directory on the DGS/PD web page.

Topic 2 – Procurement Planning – Where Do I Go from Here?

2.B2.0 Start planning early

Planning the purchase should begin at the earliest practicable time. The amount of time necessary for the planning process is dependent upon the dollar value, risk, complexity, and criticality of the proposed purchase. In addition, the department must classify the purchase (non-IT/IT and good/service), and make a decision on the procurement approach (competitive, non-competitive, exempt, or using one LPA programs).

2.B2.1 Initial buyer review

The buyer's first step in the planning and scheduling of a procurement effort is the initial review of a department's purchase request. Reviewing the request in terms of the following information will assist the buyer in determining any impact in relationship to the procurement planning and scheduling activities.

Does the purchase require:	If "Yes":
Departmental review and approvals	• Have the proper approval signatures been secured? • Is the request in compliance with equipment standards? • Does the request require any department technical review? • Is there documentation in sufficient detail to support and justify conducting the procurement? • Are there any program schedule requirements, special delivery instructions, time constraints, etc.?
Funding authority	• Is the procurement scheduling and planning effort limited by: ▪ Budgetary constraints? ▪ Federal funding limitations and/or restrictions? ▪ Availability of current and future year funding? ▪ Timing constraints impacted by availability of fiscal year funding?
External reviews, waivers and/or approvals	• What is required by law, regulation or policy? • Refer to Section C, Topics 1 - 8 of this chapter for details for external reviews and approvals.

2.B2.2 Seeking legal participation

Buyers should seek departmental legal participation as necessary.

Purchasing activities that benefit from the department's legal staff participation may include but are not limited to the following:

- Purchases that have a history of litigation.
- Large scale IT integration projects.
- Conflict of interest issues.
- Follow-on contracting issues.

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2.B2.3 Narrowing in on the procurement alternatives

To assist in determining the procurement approach that best meets the department's needs, buyers should ask themselves the following questions:

- Is the acquisition an emergency purchase as defined by PCC sections 10340 and 12102(a)(2)?
- Can civil servants, as opposed to outsourcing, satisfactorily perform the services?
- Can another state agency provide the product or service through an interagency agreement or alternate contracting means?
- Does the purchase require the use of any mandatory purchasing processes such as PIA or use of existing telecommunications contracts?
- Is the request within the scope of the department's approved purchasing authority?
- Can you consolidate other requests for like equipment into a single purchase?
- What is the department's total need for acquiring the goods or services over the next 12-month period of time and can the acquisitions be reasonably consolidated to maximize purchasing power?
- What available purchasing approach can effectively meet the department's needs at the least cost in terms of time and resources?
- Can the functional requirements of the request be met through an LPA (i.e. CMAS, Master Agreement, Statewide Contract or State Price Schedule)?
- Are there certified small businesses, microbusinesses or certified DVBEs that can be solicited to provide the good and/or service?
- Can the department's procurement needs and purchasing goals both be met by conducting a small business (SB) and DVBE procurement based upon GC Section 14838.5 (SB/DVBE Option)?
- Is there a known supplier market and can the acquisition best be met through open competition?
- Is the request so unique that no competition exists and the needs of the customer can only be met through a non-competitively bid (NCB) contract?
- What risk factors are inherent to the purchase and what steps can be taken in advance to mitigate them?
- Will the purchase require the preparation of a statement of work (SOW)?

2.B2.4 Specification development assistance

DGS/PD Engineering Services is available to assist departments in providing technical knowledge and assistance in planning efforts and specification preparation.

Click here to access the DGS/PD Engineering Services web page.

Topic 3 - Other Considerations Affecting the Planning Process

2.B3.0 Promotional materials

Prior to conducting a purchase for promotional materials, (i.e. apparel, badges, desk items, etc.) a buyer must include written justification within the procurement file supporting how the purchase meets the department's mission and business needs. Written justifications should include either a general or specific description of the type of event(s) and how the promotional material(s) will be used. Refer to Section A, Topic 2 of this chapter for additional considerations and examples.

2.B3.1 Requests for reasonable accommodation purchases

A purchase made in response to a request for reasonable accommodation does not preclude buyers from adhering to State procurement laws, regulations, executive orders, and policies. However, when conducting a procurement to fulfill a reasonable accommodation request, buyers must be mindful of the need to expedite the purchase, regardless of the purchase class or approach used.

2.B3.2 Installation of physical layer cable and carpet

Installation of physical layer cable (all electrical and mechanical aspects relating to the connection of a device to a transmission medium, i.e. connection of a workstation to a LAN) and carpet are considered public works. Departments may allow for a public work component only when it is incidental to the overall project requirements.

2.B3.3 Outsourcing services

Departments must give careful analysis to using contracted personnel rather than using civil service positions within state government.

The State Constitution generally requires contracting out for personal services to be limited to those services that cannot be performed by civil service employees except as provided for in Government Code 19130.

For each personal service and/or consulting service transaction, regardless of purchasing approach or category utilized (i.e. competitive, LPA, etc.), the department must prepare and retain in the procurement file a written justification that includes specific and detailed factual information that demonstrates how the purchase document meets one or more of the conditions specified in GC 19130.

Click here to access California Law.

Continued on next page

2.B3.4 Leasing equipment

Leasing may be used when a department lacks sufficient funds for a purchase or if the department has insufficient data to project future needs.

In these cases, departments, prior to initiating any type or approach of purchasing activity as a lease, must document a lease versus purchase analysis as described in SAM section 3700 et seq. Lease vs. purchase analysis documentation must be retained within the procurement file.

Click here to access the Lease versus Purchase Analysis form. Word PDF

Click here to access a legible copy of the lease versus purchase analysis form as shown in SAM section 3700 A-1.

2.B3.5 Blanket purchases

A blanket purchase is an acquisition mechanism established for no longer than one year with one supplier where the quantities of specific products are not known. In these cases, the department has determined that a group of goods from a specified supplier is necessary to the program, but the department must be flexible when determining the instant need.

In no case may a blanket purchase exceed $4,999.99 per transaction, unless the blanket purchase is issued under an LPA contract whereby the purchase document dollar cap is limited to the LPA contract dollar threshold. The department must keep a copy of each order placed against each blanket purchase document in the procurement file. The department must document in the procurement file why it is in the State's best interest to execute a blanket purchase.

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2.B3.6 Shipping charges

Departments conducting competitive non-IT and/or IT solicitations shall determine shipping terms during the procurement-planning phase. The preferred shipping method is "Free on Board" (FOB) Destination Freight Pre-paid (FRT. PPD) where the supplier is responsible for freight charges and costs as well as owning the goods while in transit.

Should a department determine another method of shipping is more appropriate in meeting their needs and the weight of the purchase is 100-lbs or more then the department shall contact the Transportation Management Unit (TMU) to provide the department with the cost of freight charges from TMU's pre-established shipping contracts.

Departments are not required to contact TMU for purchases weighing less than 100-lbs.

Refer to Chapter 4 – Competitive Solicitations and Chapter 8 – Purchase Documents for additional information.

Click here to access the TMU web page.

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2.B3.7 Term purchases

Departments granted non-IT or IT purchasing authority to conduct competitive solicitations may establish term purchase contracts through a competitive bid process.

A term purchase establishes a purchasing mechanism for:
- A specified period of time – not to exceed 36-months.
- A specified list of products and quantities.
- Items a department acquires on a routine basis.

Buyers conducting a competitive solicitation for a term purchase must adhere to the following:
- A competitive bid must be conducted whenever the dollar amount is $5,000.00 or greater.
- The solicitation must clearly identify contract start and end dates and not exceed a 36-month period.
- The solicitation must clearly state the aggregate amount of the contract, but in no event may it exceed a department's approved purchasing authority limit for non-IT goods or IT goods and services, as applicable to the procurement.
- The solicitation, the resulting contract or the cumulative value of orders released against the contract may not exceed the amount of a department's approved purchasing authority for either non-IT goods or IT goods and services, as applicable to the procurement.
- The solicitation must clearly state a maximum number of units that may be purchased.

Example:
10 units will be purchased upon award, and the department reserves the right to purchase up to 10 more units during the contract term.
Note: Evaluation and award must be based upon the total quantities per line item to be purchased during the contract term. Using the above example the evaluation and award would be based upon 20 units.
- The solicitation must clearly state the delivery terms over the course of the contract term.
- The solicitation must clearly define whether or not pricing is firm over the course of the contract or if allowances will be made for price increases or decreases.
- The department must keep a running total of orders placed against each term purchase contract in the procurement file.

Note: A term purchase is not a suitable solicitation approach if a department is unable to commit to the stated quantities.

Topic 4 – Statement of Work (SOW)

2.B4.0 Determining the need for a SOW

A department must include a statement of work for all services transactions and for goods transactions when appropriate. A statement of work protects the State and the contractor by identifying and documenting the details of the work to be performed.

2.B4.1 What to include in a SOW?

A statement of work is unique to each purchase document, but usually consists of some or all of the following:

- A detailed statement of the purpose, objective or goals to be undertaken by the contractor.
- The job classification or approximate skill level of the personnel to be made available by the contractor.
- An identification of all significant material to be developed by the contractor and delivered to the State.
- An identification of all significant materials to be delivered by the State to the contractor.
- An estimated time schedule for the provision of these services by the contractor.
- Completion criteria for the work to be performed.
- The name or identification of the contractor personnel to be assigned.
- The contractor's work hours required to accomplish the purpose, objective or goals.
- The contractor's billing rates per work hour (as provided in the contract documentation).
- Contractor's total cost.

Topic 5 – Understanding Information Technology Goods and Services

2.B5.0 What is information technology?

SAM section 4819.2 defines information technology as "all computerized and auxiliary automated information handling, including systems design and analysis, conversion of data, computer programming, information storage and retrieval, voice, video, data communications, requisite systems controls, and simulation."

Note: This definition is also contained within the IT General Provisions (GSPD-401IT) as provided by DGS/PD.

2.B5.1 Defining an IT procurement

In accordance with SAM section 4819.2, any of the activities listed below either individually or in combination are considered an IT procurement:

- IT facility preparation, operation and maintenance.
- Application systems development and implementation, or changes to application systems or programs to meet new or modified needs, or maintenance, including:
  - Feasibility study preparation
  - Systems analysis,
  - Systems design
  - Purchase and installation of software
  - Programming services
  - Data or programming conversions
  - Systems and procedures documentation
  - Project appraisal or assessment
- Operation of application systems or programs including handling, assembling or editing of input-output data or media where IT equipment or IT personnel are used.
- Acquisition, installation, operation and maintenance of data processing equipment.
- Other installation management activities including:
  - Performance measurement
  - System tuning
- Capacity management personnel employed in support of, or directly related to, any of the activities listed above, including:
  - Administration
  - Technical services
  - Clerical services
  - Travel
  - Training
  - Preparation of periodic and special reports
- Control functions directly related to the above activities.

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2.B5.2 IT equipment examples

Departments with an approved IT purchasing authority may acquire IT equipment used in the processing of data electronically. The following are examples of IT goods:

- Central processing units (mainframes) and all related features and peripheral units, including processor storage, console devices, channel devices, etc.;
- Minicomputers, midrange computers, microcomputers and personal computers and all peripheral units associated with such computers;
- Special purpose systems including work process:
  - Magnetic Ink Character Recognition (MICR)
  - Optical Character Recognition (OCR)
  - Photo composition
  - Typesetting and electronic bookkeeping
- Communication devices used for transmission of data such as:
  - Modems
  - Data sets
  - Multiplexors
  - Concentrators
  - Routers
  - Switches
  - Local area network (LAN)
  - Private branch exchanges
- Network control equipment, or microwave or satellite communications systems.
- Input-output (peripheral) units (off-line or on-line) including:
  - Terminal
  - Card readers
  - Optical character readers
  - Magnetic tape units
  - Mass storage devices
  - Card punches
  - Printers
  - Computer output to microform converters (COM)
  - Video display units
  - Data entry devices
  - Teletypes
  - Teleprinters
  - Plotters
  - Scanners

Or any device used as a terminal to a computer and control units for these devices.

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2.B5.3 IT supplies

The following consumable items are considered IT products, but may be acquired under either IT purchasing authority or non-IT purchasing authority:

- Documents, i.e. standards and procedures manuals, contractor supplied systems documentation and educational or training manuals.
- Equipment supplies, i.e. printer forms, punch card stock, disk packs, floppy disks, magnetic tape and printer ribbons or cartridges;
- Furniture (IT-related, such as desktop station tables and printer stands).

2.B5.4 IT goods not considered supplies

Personal computer (PC) keyboards, mice, zip drives, memory cards, personal digital assistants (PDA), software and scanners <u>are not</u> <u>supplies</u> and may only be acquired under IT purchasing authority in accordance with all applicable IT project and procurement standards.

2.B5.5 IT services

<u>IT personal services</u> are services that have someone doing something, e.g. hardware, software or system maintenance services.

<u>IT consulting services</u> are services of an advisory nature that provide a recommended course of action or personal expertise (product of the mind). This may include subject matter experts or specialists within the IT field or overseeing technical projects.

<u>Resumes and customer references</u> should always be reviewed to ensure the level of expertise and experience matches the project requirements or skill levels as identified in the solicitation or request for offer, as well as in the applicable LPA service contracts (CMAS or MSA).

<u>Example:</u>
Independent Verification and Validation (IVV) consulting services or Independent Project Oversight (IPO) consulting services are IT services and must be acquired in adherence to IT procurement rules and under approved IT purchasing authority.

Topic 6 – Requirements Specific to IT Goods and Services

2.B6.0 New equipment

In accordance with SAM section 5204, all IT hardware must be new or warranted as newly manufactured and the latest model in current production. Used, shopworn, demonstrator, prototype or discontinued models are not acceptable.

Departments shall obtain DOF approval to procure used IT equipment prior to conducting the procurement activity. Documentation of this approval must be retained within the procurement file.

If the purchase is for equipment that contains used parts, the equipment may be obtained without DOF approval if the supplier certifies or warrants in writing the equipment as new. Buyers must document this condition in the purchase document and retain supporting documentation within the procurement file.

2.B6.1 Productive use requirements

Productive use requirements are to be used as indicated in SAM section 5221, Illustration 2 (Cont. 31) in all purchases for information technology goods (data processing, office automation) and telecommunications goods.

The purpose of the productive use requirement is to protect the state from being a test site for prototype, experimental or "beta" test software and new equipment that has no record of proven performance.

Click here to access the SAM section 5203 – 5203 (Cont. 3) regarding the specific requirements for productive use, customer in-use and reliability data requirements applicable to IT goods and services purchases.

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2.B6.2 Follow-on contracts prohibited

Any consultant that contracts with a department to develop feasibility studies or provide formal recommendations for the acquisition of products or services is precluded from contracting for any work recommended in the feasibility study or the formal recommendation. This condition is in accordance with PCC section 10365.5 and SAM section 5202, that no person, firm, or subsidiary thereof who has been awarded a purchase document for consulting services, or a purchase document that includes a consulting component, may be awarded a purchase document for the provision of services, delivery of goods or supplies, or any other related action which is required, suggested, or otherwise deemed appropriate as an end product of the purchase document.

Departments entertaining RFO/RFPs for consulting services must first address follow-on as described in MM 04-09 and document the procurement file with known suppliers that may not compete. Departments must consult their internal legal services first and in the event that no official consistent determination is made regarding a supplier's ability to compete, must contact DGS/PAMS for advice regarding consistent application of the policy.

Topic 7 – Desktop and Mobile Computing Purchases

2.B7.0 Requirements

In accordance with SAM section 4989 – 4989.8 Finance delegates authority to acquire desktop and mobile computer commodities to departments that have:

- Submitted to Finance acceptable Operational Recovery Plans (ORP) or ORP certifications,
- Maintained compliance with all applicable state IT security provisions as defined in SAM section 4840 – 4845, and
- Have appropriate plans for the use of desktop and mobile computing goods.

Under the Desktop and Mobile Computing Policy, departments may acquire desktop and mobile computing goods necessary to support the department's programmatic functions and business needs.

Although SAM no longer addresses the requirement to complete a Workgroup Computing Justification Form (WCJF) in lieu of a Feasibility Study Report (FSR), it does not exclude departments from continuing to establish and maintain appropriate standards for the purchase of desktop and mobile computing goods.

Departments applying for IT purchasing authority must address within their purchasing authority policies and procedures manual:

- The role of the department's Desktop and Mobile Computing Coordinator as it relates to the department's purchasing practices for desktop and mobile computer goods,
- What documentation, if any will be employed to support the IT expenditure for desktop and mobile computing goods prior to the purchase and,
- What documentation or statement of fact will be required and retained within the procurement file to support the IT expenditure for desktop and mobile computing goods.

Continued on next page

2.B7.1 Allowed purchases

The DMCP includes the acquisition and support of:

- Personal computers
- Laptop computers
- Personal digital assistants
- Peripheral equipment (e.g., printers)
- Local Area Networks
- Other equipment and software commonly required for most state employees to perform daily business transactions.
- Software typically purchased and installed on a standard desktop or mobile computer such as:
  - Word processing
  - Spreadsheets
  - Desktop database
  - Other non-modifiable commercial-off-the-shelf (COTS)

Refer to SAM section 4989.1 for additional desktop and mobile computing definitions.

2.B7.2 Excluded purchases

In accordance with SAM section 4989.2 the following activities are excluded from the DMCP and must be justified in accordance with SAM sections 4819.3 through 4819.42:

- IT Projects – as defined in SAM section 4819.2, beyond the acquisition, installation and operation of DMCP goods.
- Budget Actions – any acquisition, maintenance or support of desktop and mobile computing IT goods, which requires a Budget Change Proposal, a Budget Revision or other budget action.
- Specialized or single-purpose systems – such as computer-aided design systems, desktop publishing systems, programmer workbench systems or artificial intelligence systems.
- Infrastructure or platform migration – acquisitions associated with or mandated by a change in a department's standard technical architecture for servers, desktops and/or mobile computing platforms. Migrating to a newer version within the existing standard's product family is not considered an infrastructure or platform migration.
- Wide Area Networks (WAN) – acquisition, maintenance or support of desktop and mobile computing goods specifically to install or operate a WAN.

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2.B7.3 File documentation

Purchases acquired under the DMCP for desktop and mobile computing equipment must include, within the procurement file, sufficient justification to support that the purchase was conducted in accordance with the department's established hardware, software and security standards for desktop and mobile computing.

A statement of fact must be included for each purchase executed under the authority of the DMCP.

Note: Department procurement policies and procedures must address how desktop and mobile computing purchases will be documented as being authorized and compliant with the DMCP.

Note: The use of the Certification of Compliance with Policies pursuant to SAM sections 4819.41 and 4832 format is now optional with regards to supporting desktop and mobile computing goods purchases in excess of $100,000.00. If a department elects to continue the use of this form in support of their desktop and mobile computing purchases in excess of $100,000.00 then that requirement must also be addressed in the department's purchasing manual.

Topic 8 – Emergency Purchases

2.B8.0 Definition

An emergency as defined by PCC section 1102 is "a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services."

2.B8.1 Types of emergencies

An emergency is further divided into the following classifications which ultimately effects how the purchase activity will be processed:

- An emergency purchase in response to a natural disaster, i.e. fire, flood, earthquake.
- An emergency purchase not in response to a natural disaster.

2.B8.2 Required documentation

Regardless of the classification of the emergency, departments must document the procurement file and/or provide to DGS/PD, as applicable, the following information:

- A description of the emergency.
- Explanation of why the situation warranted the emergency purchase.
- Explanation of the consequences of making the purchase through normal procurement processes.
- A description of the goods and price.
- The names and quotations of suppliers contacted.

2.B8.3 Responding to a natural disaster

The following chart provides the process for executing an emergency purchase in response to a natural disaster when a response requires immediate action:

If the purchase activity	Then the buyer will proceed with the purchase
Is within a department's authorized non-competitively bid (NCB) contract purchasing authority dollar threshold	• Documenting the circumstance of the emergency purchase. • Issuing the purchase document, identifying the department's Purchasing Authority (PA) number in the PA number box on the purchase document. • Reporting the transaction on the NCB contract quarterly report.
Exceeds a department's authorized NCB contract purchasing authority threshold.	• Documenting the circumstance of the emergency purchase. • Issuing the purchase document, leaving the PA number box on the purchase document blank. • Submitting a NCA and a copy of the purchase document to DGS/PD within 20-working days of contract award.

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2.B8.4 Emergency purchase not in response to a natural disaster

The following chart provides the emergency purchase process in response to an emergency situation other than a natural disaster.

If the purchase activity	Then the buyer will proceed with the purchase
Is within a department's authorized NCB contract purchasing authority dollar threshold.	• Documenting the circumstance of the emergency purchase. • Documenting names and quotations of suppliers contacted. • Issuing the purchase document, identifying the department's PA number in the PA number box identified on purchase document. • Reporting the transaction on the department's NCB contract quarterly report.
Exceeds a department's authorized NCB contract purchasing authority threshold.	• Contacting DGS/PD immediately or within the next business day to provide the circumstance of the emergency: ▪ Non-IT goods contact: ✓Acquisitions and Contract Section (ACS) (916) 375-4381 ▪ IT goods and services contact: ✓Acquisitions and Contract Section (ACS) (916) 375-4430 • DGS/PD contact reviews the circumstance and if approved, assigns the transaction an Authorization to Exceed Monetary Limits (Form 42) number. • Documenting the circumstance of the purchase. • Recording the Form 42 number in the PA number box on the purchase document prior to issuing the purchase document. • After issuing the purchase document, submitting to DGS/PD a NCA and a copy of the purchase document within 5-working days of contract award.

2.B8.5 NCA form

Completed NCA documents must be retained in the procurement file

Click here to access the NCA form. Word PDF

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2.B8.6 Examples of non-IT goods emergency purchases

PCC section 10340(a)(1) allows for emergency purchases of non-IT goods without competitive bidding when the goods and services are necessary for the immediate preservation or protection of the public health, welfare, or safety.

Example:
A mudslide, caused by a flood, occurs on a highway and the crew must make an immediate purchase for supplies to clean up the mud.

Non-example:
A department wants to purchase three (3) used bulldozers for routine forestry maintenance at a cost of $492,000.00. The purchase saves the department an estimated $260,000.00 when prices are compared to new bulldozer prices. Although it may be in the State's best interest to purchase the used equipment, it does not meet the definition of an "emergency".

2.B8.7 Examples of IT emergency purchase

PCC section 12102(a)(2) allows for emergency purchases of IT goods and services where immediate acquisition is necessary for the protection of the public health, welfare, or safety.

Example:
A server supporting a prison's security system fails, and the prison has to resort to a backup server. The server must be replaced immediately to ensure the safety of the population internal and external to the prison.

Non-example:
A supplier does not meet a delivery date to supply a department director with a laptop, so the department wants to execute an immediate purchase of a laptop from another supplier. This is not an emergency purchase, as it doesn't pose an immediate threat to the public health, welfare or safety or an immediate threat to public property.

Warning: Poor planning is not an emergency.

Section C

Pre-Procurement Reviews and Approvals

Overview

Introduction

As mentioned earlier in this chapter, there are certain classes of purchases that may require review and approval before a department can proceed with a purchasing activity. This section describes those requirements and processes.

At this point, the buyer has determined the class and category of a purchase request before initiating a procurement activity. Now, the buyer needs to analyze the request to validate any pre-approval requirements.

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This section contains the following topics:

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Topic 1 – Office of Fleet Administration

2.C1.0 Office of Fleet Administration (OFA)

In accordance with GC section 13332.09, departments may not procure mobile equipment without first securing approval from DGS/Office of Fleet Administration (OFA). Evidence of OFA approvals must be documented in the procurement file.

Mobile equipment is defined in the OFA State Fleet Handbook (OFA Handbook) as:
"Used for passenger and equipment transportation, construction or maintenance work, and is self powered or easily moved (trailer or skid mounted). This includes sedans, station wagons, suburbans, carryalls, light utility pickups, vans under ¾ ton, jeeps, trucks, boats, and trailers."

2.C1.1 Fleet assets requiring OFA approval

The following motor vehicles and general use mobile equipment are subject to OFA approval:

Mobile Equipment Type	Description
Motor vehicle	• A vehicle that is self-propelled and registered by the Department of Motor Vehicles (DMV) for street use.
General use mobile equipment	• Self-propelled mobile equipment • Self-propelled mobile equipment registered by the DMV for off-road use. • Vessels registered by the DMV for use on water. • Vessels documented by the U.S. Coast Guard.
Surplus mobile equipment	• Motor vehicles or general use mobile equipment that was previously owned or operated by any entity.

2.C1.2 Excluded from OFA oversight

Departments are not required to obtain the OFA's approval on the following fleet type assets regardless of being registered by the DMV or not:

- Golf Cart
- Mower
- Generator
- Mobile home and/or office
- Forklift
- Pallet jack
- Personnel hoist
- Trailer
- Agriculture or construction equipment pulled by a vehicle
- Other fleet-related equipment as determined by the OFA

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2.C1.3 Mobile equipment purchases and repairs

When purchasing mobile equipment, departments must submit the following to OFA for approval prior to contract execution:

- Vehicle Acquisition Request (OFA 160) for replacement or additional vehicles.
- A completed Purchasing Authority Purchase Order (STD. 65) or Purchase Estimate (STD.66) for replacement or additional vehicles.
- An approved Property Survey Report (STD.152) for replacement vehicles.
- A current copy on file with the OFA of the Passenger Vehicle Usage Report (STD.276a) for the vehicle being replaced.

Note: In accordance with the OFA Handbook, tires and batteries for mobile equipment must be purchased using the State's leveraged procurement agreements whenever possible.

Note: Mobile equipment repairs are considered non-IT services and, therefore, may not be purchased under a department's purchasing authority.

Departments may not modify and/or repair mobile equipment without OFA approval if the modification/repair exceeds the OFA-established dollar thresholds. When contracting for mobile equipment modifications/repairs, departments must obtain OFA approval when the transactions are expected to exceed specific dollar thresholds as established by OFA. In addition to obtaining advance OFA approval, when required, for vehicle modifications/repairs, departments must also get OFA post approval once the modifications/repairs have been completed. All repairs and/or replacement of upholstery and glass require OFA approval.

Department's should consult the OFA Fleet handbook and the SCM, Vol. 1 regarding these services.

Click here to access the list of OFA forms.

Click here to access the OFA handbook.

2.C1.4 Where to submit vehicle acquisition packages

Departments will submit completed forms and attachments to:

Office of Fleet Administration
Attention: Statewide Equipment Coordinator
802 Q Street
Sacramento, CA 95814

Topic 2 – Surplus Property Program

2.C2.0 Utilizing existing surplus furniture

Departments shall utilize surplus furnishings whenever feasible and shall contact the DGS Surplus Property Program to determine if surplus property is available.

2.C2.1 Contact information

The DGS operates property reutilization facilities at its northern California warehouse facilities.

Departments must contact the Surplus Property Program at:
1700 National Drive
Sacramento, CA 94834
(916) 928-4630
(916) 928-0304 fax

2.C2.2 Electronic surplus property system

The DGS has implemented an automated business management system to allow online web-based submission and approval of the following documentation:

- Property Survey Reports (STD.152),
- Transfer of Location of Equipment Reports (STD.158) and
- A real time listing of current property that is available at the National Drive warehouse.

Click here to access the Surplus Property Program web page.

2.C2.3 Needs not met by surplus property

When a department's functional needs cannot be met by the Surplus Property Program, then the department must next consider if its needs can be met by the Prison Industry Authority (PIA).

Topic 3 – Prison Industry Authority (PIA)

2.C3.0 Prison Industry Authority (PIA)

Pursuant to Penal Code section 2807, a department must first consider if PIA can fulfill the department's need prior to purchasing an item from commercial suppliers. PIA offerings include the following:

PIA Product Categories	Product Examples
Institutional products	Bedding, cleaning products, flags, signs, etc.
Office furniture and miscellaneous products	Binders, computer furniture, chairs, tables, office systems furniture, etc.
Residential life	Dressers, wardrobe, desks, etc.
Printing, metal signs and decals	Forms, brochures, license plates, stickers, etc.
Food products	Milk, meat products, coffee, etc.

Note: Departments must have a DGS/PD approved PIA category purchasing authority to purchase from PIA.

2.C3.1 PIA waiver process

Departments may be granted a PIA waiver to procure goods from other sources when sufficiently justified. The table below describes the PIA waiver process that departments must follow:

Stage	Description
1	The department contacts the PIA sales branch at (916) 358-2733 or click here to access and complete the Waiver Request.
2	The department completes a PIA waiver request and mails it to: PIA Sales Branch 560 East Natoma Street Folsom, CA 956340-0040 **Note:** Expedite requests may be faxed to (916) 358-2364, however, expedites must be justified and a hard copy of the waiver request with original signatures is required prior to PIA approval.
3	All waiver requests will be faxed back to the department. Copies of the waiver request approved by PIA must be retained in the procurement file as proof of waiver determination. Documentation of only the PIA waiver number is insufficient to comply with the waiver documentation requirement.
4	The PIA Sales Representative will contact the department when a waiver request is denied. The denied waiver request with original signatures will be sent to the department.

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2.C3.2 Reasonable accom-modation requests

Departments must first evaluate PIA products (i.e. chairs, tables) prior to requesting a PIA waiver based upon a reasonable accommodation or medical waiver.

2.C3.3 PIA price lists

PIA State Price Schedules (SPS) are no longer in effect. PIA is now providing pricing through the PIA Price List

Click here to access the PIA web site.

2.C3.4 Ordering procedures

Departments with purchasing authority for PIA goods and services must use the Purchasing Authority Purchase Order (STD.65) or the STD.65-PINDEL to execute PIA purchases.

The STD.65 must detail the catalog item number, description, unit price and extended dollar amount. Calculate the total amount of the purchase document and issue the STD.65 (contractor-original and packing slip copies) to:

Prison Industry Authority
Attn: Customer Service
560 East Natoma Street
Folsom, CA 95630-2200

Note:

- Do not include sales, use or federal excise taxes, as they do not apply.
- Payment terms are "net 45 days" or Controller Transfer
- Contact PIA, Customer Services for FOB point and delivery due dates.

2.C3.5 Identifying PIA purchases

The department's purchasing authority number must be recorded in the box titled "Purchasing Authority Number" on the STD.65. The department may either enter "PIA" in the box titled "Leveraged Procurement Agreement Number" on the STD.65 or leave this box blank.

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2.C3.6 Payment by CAL-Card

PIA purchases less than $5,000.00 where departments select to use the CAL-Card as the payment method will follow the requirements as identified in PAM, Chapter 9, Topic 6.

All PIA purchases valued at $5,000.00 and over that are paid using the CAL-Card payment process must be executed on the STD.65. A copy of the STD.65 is not required to be submitted to PIA.

2.C3.7 Copy to DGS

Refer to Chapter 8 – Purchase Documents, Topic 3 for DGS/PD for DGS distribution requirements.

Topic 4 – Office of State Publishing (OSP)

2.C4.0 Printing projects

Pursuant to GC section 14612.5 for state printing procurement purposes printing is not considered a "personal service contract" as defined in
GC section 19130. Consequently, printing procurements are conducted as a non-IT goods purchase.

DGS/Office of State Publishing (OSP) is available to provide printing services to all departments. DGS/PD strongly encourages departments to utilize OSP to the greatest extent possible.

Departments should be aware that PIA also provides printing services and should be considered before contacting outside sources.

2.C4.1 Printing projects valued in excess of $5,000.00

A buyer conducting a competitive solicitation for a printing project anticipated to cost more than $5,000.00 must solicit OSP in accordance with GC section 14612.2.

Competitive solicitations for printing projects should be directed to the department's assigned OSP Customer Service Representative (CSR).

Click here to access the OSP Customer Service Representative listing.

Note: Departments may elect to use OSP at any time during the solicitation process, but if this option is exercised, the solicitation must be canceled and interested suppliers must be notified. Cancellation of solicitations under this scenario should be the exception, rather than the rule, due to the impact on interested suppliers.

2.C4.2 Doing business with OSP

Click here to access the OSP web page.

Click here to access the OSP web page for information on how to place an order with OSP.

2.C4.3 Union label for printing

Click here to access information for using the Union label for printing.

Topic 5 – Community-based Rehabilitation Program (CRP)

2.C5.0 Purchases from Community-Based Rehabilitation Programs

DGS/PD encourages departments with DGS approved non-IT and/or IT purchasing authority to consider purchasing products and services from rehabilitative or sheltered workshops pursuant to Welfare and Institutions Code (WIC) section 19403. In accordance with WIC 19404, purchases using these programs are exempt from advertising requirements, conducting a competitive bid and dollar threshold limits. These transactions are also exempt from the non-competitively bid (NCB) contract requirements.

Note: Departments must document its procurement file to support that the price offered by a community rehabilitation program is fair and reasonable.

2.C5.1 CARI is available to assist departments

The California Alliance of Rehabilitation Industries (CARI) provides a statewide network of Community Rehabilitation Programs to assist state departments in meeting their needs.

Contact CARI at (916) 441-5844 for additional information.

Topic 6 – Information Technology and Telecommunications

2.C6.0 DOF approval of IT activities

GC section 13070 gives the Department of Finance (DOF) general powers of supervision over all matters concerning the financial and business policies of the State. SAM sections 4800-5180 constitute the policies and define the procedures for obtaining DOF approval of proposed information technology expenditures.

Departments granted IT goods and services purchasing authority must obtain the required approvals from DOF PRIOR to initiating any IT procurement activity or encumbering any funds.

Click here to access SAM. See specifically SAM sections 4500 et. seq.- telecommunications, 4800 et. seq. – information technology, 4989 - Desktop and Mobile Equipment Computing Policy, 5200 – IT procurement and 6700 – 6780 IT expenditures.

Click here to access the Statewide Information Management Manual (SIMM) for additional information.

2.C6.1 Project approval

The mechanisms for approving information technology projects that ultimately provide the necessary authorization to acquire IT goods and services are:

- Feasibility Study Reports (FSR).
- Compliance with the Desktop and Mobile Computing Policy.
- Acquisition of IT goods and services based upon a previously approved effort most often as a result of an approved Post Evaluation Implementation Report (PIER).
- Identifying that a project or acquisition is excluded from SAM section 4819.32.

Note: There are other conditions to justify the acquisition of IT goods and services, and departments are advised to review SAM section 4819.32 to ensure procurement compliance.

2.C6.2 Telecom Division approvals

The purchase of public safety radio and related electronic equipment requires DGS Telecommunications Division (TD) technical review and approval prior to initiating a procurement activity. Radio and microwave equipment and services are not delegated.

Additionally, the use of the state consolidated network for voice and data services is mandatory unless the department is granted a waiver by DOF.

Click here to access the State Telecommunications Management Manual (STMM).

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2.C6.3 Telecom-munications

Departments are required to utilize contracts issued by DGS/ Telecommunications Division to obtain voice and data services. In particular, departments must utilize contract CNT-001 that offers voice, data, video and internet services.

Department's must request Telecommunications Division approval for the following:

- Teleconferencing/videoconferencing
- PBX telephone systems
- Hybrid telephone systems with trunk connections
- Hybrid telephone systems to be installed behind a consolidated system
- Stand alone Automatic Call Distributor (ACD) or voice mail systems connected to consolidated systems
- Data transport outside of the consolidated frame relay services
- Request for proposal or Invitation for Bid (IFB) for telecommunications equipment and services
- Telecommunications consulting services

2.C6.4 Personal Communi-cations Devices (PCD)

Departments should first consider using LPA contracts issued by DGS to obtain PCDs and associated service plans.

PCDs include but are not limited to:

- Cellular phones,
- Pagers,
- Personal Digital Assistants (PDA) and related items or configurations that permit remote communication and/or messaging.

Current statewide PCD acquisition resources are the Western States Contracting Alliance (WSCA), CMAS, and the pager master service agreement. Refer to MM 04-10 regarding the management of PCDs and justification criteria for use.

2.C6.4 Desktop and mobile equipment

Refer to Topic 7, Section B of this chapter for information on desktop and mobile equipment purchases.

Topic 7 – Certificate of Compliance with State Policies (IT and Telecommunications)

2.C7.0 Department certification

A signed certification of compliance with State information technology policies is required for all information technology procurements valued at $100,000.00 or more and are in support of a development effort. Refer to SAM section 4819.2 for the definition of a development effort. Procurement of hardware, software, and services, including IAAs are included in this requirement.

Signature authority on this certification is limited to the department's director, deputy director or the director's designee.

The signed certification must be retained within the procurement file. If the procurement is being submitted to DGS/PD for processing, a certification must be part of the submitted procurement package.

Click here to access the certification of compliance with State information technology policies.

Additional information regarding the certification process can be found in SAM sections 4819 and 4989.

2.C7.1 When is a certification not required?

A certification is not required for:

- Procurements for less than $100,000.00.
- Procurements limited only to maintenance services.
- Procurements in support of previously approved efforts (See SAM section 4819.40).
- Procurement of services to conduct a feasibility study report provided the services are limited to supporting or conducting the feasibility study or preparing the FSR (SAM section 4827 and 4928).
- Procurement of/for excluded activities as described in SAM section 4819.32.

Refer to the 2.C7.2 of this chapter for the procurement documentation requirements to support an IT expenditure valued at less than $100,000.00.

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Topic 7 – Certificate of Compliance with State Policies (IT and Telecommunications), Continued

2.C7.2 Under $100,000 documentation requirements

Although a certificate of compliance is not required for transactions valued at less than $100,000.00, departments purchasing any IT goods and/or services are required to provide documentation and/or written justification as to how the acquisition is authorized.

Acceptable forms of documentation include:

- Approved FSR Transmittal from DOF for non-delegated projects
- Approved FSR Transmittal signed by the department director, deputy director or director's designee for department delegated projects.
- A statement in the procurement file documenting that the purchase is in accordance with the DMCP as addressed in Budget Letter 04-26.
- PIER approval letter, in support of a previously approved effort.
- Identifying how the acquisition is excluded from SAM section 4819.3.

This documentation and/or justification in support of the acquisition must be retained within the procurement file.

Topic 8 – Additional Pre-Procurement Reviews and Approvals

2.C8.0 Real Estate Services Division (RESD)

The DGS/RESD has the statutory authority for the acquisition of real property. Departments, prior to acquiring space, property and/or facility design services, must contact RESD.

Click here to access the RESD web page.

2.C8.1 Department of Conservation (DOC)

PCC section 10295.5 prohibits departments from purchasing sand, gravel, aggregates or other minerals produced from a surface mining operation subject to the Surface Mining and Reclamation Act of 1975, unless the Department of Conservation (DOC) has determined that the surface mining operation is eligible to sell materials to the State.

If a department does not purchase sand, gravel, aggregates or other minerals from the DOC's listing of approved mining operations then the department must:

- Obtain both a retailer's certification of the supplier's identification and the Department of Conservation's listing of approved mines in effect at the time of the award.
- Document the procurement file that the items acquired came from an acceptable source.

Warning: Departments must obtain sufficient supplier certifications until the originating mining operation's identification can be determined.

Click here to access the Department of Conservation's current AB 3098 listing of approved mining operations.

Click here to access a Surface Mining and Reclamation Act certification form Word PDF

2.C8.2 State Personal Board (SPB)

Every personal services contract must be documented to support the need to contract out work. GC section 19130 establishes standards for the use of personal services contracts.

In accordance with GC section 19131, departments proposing to execute a personal services contract pursuant to GC section 19130(a) must notify the State Personnel Board (SPB) of its intention prior to contract award.

Click here to access the SPB web site.

Continued on next page

Topic 8 – Additional Pre-Procurement Reviews and Approvals, Continued

2.C8.3 CalRIM requirements

Prior to the purchase or rental of any file, microfilm, optical disk and/or records destruction equipment, departments will review and coordinate the purchase activity through the department's records manager or analyst in accordance with the DGS California Records and Information Management (CalRIM) manual.

Click here to access the DGS/PD CalRIM web page.

2.C8.4 NCB requirements

Refer to PAM, Chapter 5.

Section D

Creating the Paper Trail

Overview

Introduction

It is absolutely essential to maintain good records and information relating to the decisions made during the initial planning phase. This is the beginning of establishing the paper trail that should continue throughout the procurement process from the department request through contract conclusion and closure.

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Topic 1 – Documenting the Decisions

2.D1.0 Documenting the decisions

As previously stated, planning the purchasing activity begins as soon as the department has identified a need.

Buyers should develop a strategy of how the procurement activity will be accomplished and document the rationale of what led to the decision.

2.D1.1 Provide the basis of the decisions

Buyers shall also describe how competition will be sought, promoted and sustained throughout the course of the purchasing activity. If open competition is not the method of choice, document the basis of the decision.

2.D1.2 Degree of detail

The degree of documentation detail is determined by the cost, risk, complexity and criticality of the purchasing activity.

Example:
If the selection of the purchase approach was dictated by time constraints, then appropriate notations in the procurement file should be made.

In simple terms, buyers should maintain a diary of the events and decisions that lead up to and complete the purchase transaction, providing a timeline and history of the actions and decisions made throughout the procurement process.

2.D1.3 Take notes

Buyers should make notations of meetings held and decisions made, and create a phone log to record phone conversations impacting the procurement effort.

Consistent, high quality file documentation helps the transaction to be easily understood by a reader who is unfamiliar with it and makes documents easy to locate.

Click here to access a sample discussion note form. Word PDF

2.D1.4 End result is a public record

Buyers should create and maintain their procurement records keeping in mind that the procurement file may become part of a response to a public record request. Consequently, avoid typos, scratch outs, and personal notations not relevant to the procurement.