

Chapter 1

Purchasing Authority

Table of Contents

Chapter 1	4
Purchasing Authority	4
Overview	4
Introduction	4
Contents	4
Section A	4
General Purchasing Authority Information	4
Overview	4
Introduction	4
Contents	4
Topic 1 – Purchasing Authority Basics	5
1.A1.0 Authority to delegate purchasing authority	5
1.A1.1 Program oversight	5
1.A1.2 Purchasing authority types	5
1.A1.3 Purchasing categories or sub-categories	6
1.A1.4 Dollar thresholds and exempt contracts	6
1.A1.5 Levels of competitive purchasing authority	7
1.A1.6 Must departments have purchasing authority?	8
1.A1.7 Departments with purchasing authority	8
1.A1.8 Contact PAMS	8
Topic 2 – Scope of Purchasing Authority	9
1.A2.0 Categories or sub-categories and dollar thresholds	9
1.A2.1 Incidental services on non-IT goods	10
1.A2.2 Exclusions	11
1.A2.3 IT Interagency agreements	12
1.A2.4 Exceeding purchasing authority thresholds	13
1.A2.5 Order splitting	13
1.A2.6 Emergency purchases	13
1.A2.7 CAL-Card usage	14
Topic 3 – Purchasing Authority Requirements	15
1.A3.0 Requirements and responsibilities	15
Topic 4 – Purchasing Authority Roles and Responsibilities	22
1.A4.0 Roles and responsibilities	22
1.A4.1 Department obligations	25
1.A4.2 Rescission or reduction of authority	25
1.A4.3 Ethics and conflicts	26
1.A4.4 Separation of duties	26
Topic 5 – Applying for Purchasing Authority	27
1.A5.0 Which types and category(ies) or sub-categories of authority should the department request?	27
1.A5.1 Requesting new purchasing authority	27
1.A5.2 Renewing existing purchasing authority	28
1.A5.4 Requesting increased authority	28

1.A5.5 Request for One-Time Procurement format	29
Topic 6 – Assigning Purchasing Authority Numbers.....	30
1.A6.0 What is the purpose of the purchasing authority number?.....	30
1.A6.1 How does the DGS/PD differentiate between the two types of purchasing authority?.....	30
1.A6.2 Example #1 non-IT PA number	30
1.A6.3 Example #2 IT goods and services PA number.....	31
1.A6.4 Example #3 non-IT PA number assigned to a location other than a headquarters site	31
1.A6.5 Example #4 IT PA number assigned to a data center to procure for another department related to data center services.....	31
1.A6.6 When is the PA number used?.....	32
Section B	33
Purchasing Authority Application	33
Overview	33
Introduction	33
Contents	33
Topic 1 – Part A: Department Information and Approvals	33
1.B1.0 Introduction	33
1.B1.1 What is the purpose of Part A?	33
1.B1.2 When is Part A submitted?.....	34
1.B1.3 PAA Part A.....	34
1.B1.4 Department information.....	34
1.B1.5 Current purchasing authority	35
1.B1.6 PCO and PAC information	35
Topic 2 – Part B: Procuring for another Department	36
1.B2.0 Introduction	36
1.B2.1 What is the purpose of Part B?	36
1.B2.2 When is Part B submitted?.....	36
1.B2.3 PAA Part B.....	36
1.B2.4 Authority to procure for another department.....	36
1.B2.5 Requesting authority to procure for another department	37
1.B2.6 Conditions for requesting authority to procure for another department	37
1.B2.7 Dept. A and Dept. B information.....	38
1.B2.8 Current purchasing authority	38
1.B2.9 PCO and PAC information	39
Topic 3 – Part C: Purchasing Authority Types, Categories or Sub-Categories, and Dollar Thresholds Requested.....	40
1.B3.0 Introduction	40
1.B3.1 What is the purpose of Part C?	40
1.B3.2 When is Part C submitted?.....	40
1.B3.3 PAA Part C	40
1.B3.4 Non-IT table vs. IT table.....	40
1.B3.5 Which types and category(ies) or sub-categories of authority should the department request?	41
1.B3.6 New or renewal PAA.....	41
1.B3.7 Available dollar thresholds	41
1.B3.8 Current approved dollar thresholds	41
1.B3.9 Dollar thresholds requested	42
1.B3.10 Request for increased purchasing authority	42
Topic 4 – Part D: Required Attachments.....	43
1.B4.0 Introduction	43

1.B4.1	What is the purpose of Part D?	43
1.B4.2	When is Part D submitted?.....	43
1.B4.3	PAA Part D	43
1.B4.4	Policies and procedures.....	43
1.B4.5	Conflict of interest statement.....	43
1.B4.6	Audits.....	44
1.B4.7	Reporting (rev 7/11).....	44
1.B4.8	STD.65 alternate version	45
1.B4.9	The DGS' Bill Codes	45
Topic 5 –	Part E: Required Responses	46
1.B5.0	Introduction	46
1.B5.1	What is the purpose of Part E?	46
1.B5.2	When is Part E submitted?.....	46
1.B5.3	PAA Part E.....	46
1.B5.4	Responses.....	46
Topic 6 –	PAA Submission	47
1.B6.0	When to submit.....	47
1.B6.1	Where to submit.....	47
Topic 7 –	Approvals	48
1.B7.0	Approvals.....	48
Section C	.....	49
Procurement Policies and Procedures	.....	49
Overview	.....	49
Introduction	.....	49
Contents	.....	49
Topic 1 –	Purpose of Department Procurement Policies and Procedures	49
1.C1.0	Statutory requirement	49
1.C1.1	Purpose	50
1.C1.2	Policy vs procedure	51
1.C1.3	Benefits	52
1.C1.3	Benefits (continued).....	53
Topic 2 –	Characteristics of Good Policies and Procedures.....	54
1. C2.0	Goal.....	54
1.C2.1	Degree of Detail.....	54
1.C2.2	Key features	54
1.C2.3	Good policies.....	55
1.C2.4	Good procedures	55
1.C2.5	Writing style	56
1.C2.6	Tips for a useful manual.....	57

Chapter 1

Purchasing Authority

Overview

Introduction This chapter describes the purchasing authority requirements and the purchasing authority application (PAA) process. This chapter also provides tips to developing procurement policies and procedures.

Contents This chapter contains the following Sections:

Section	See Page
Section A – General Purchasing Authority Information	4
Section B – PAA	33
Section C – Procurement Policies and Procedures	49

Section A

General Purchasing Authority Information

Overview

Introduction This section describes what is included and not included under purchasing authority, what the program requirements are, and what is necessary to obtain and maintain purchasing authority.

Contents This section contains the following topics:

Topic	See Page
Topic 1 – Purchasing Authority Basics	5
Topic 2 – Scope of Purchasing Authority	9
Topic 3 – Purchasing Authority Requirements	15
Topic 4 – Purchasing Authority Roles and Responsibilities	22
Topic 5 – Applying for Purchasing Authority	27
Topic 6 – Assigning Purchasing Authority Numbers	30

Topic 1 – Purchasing Authority Basics

1.A1.0 Authority to delegate purchasing authority

Statutory authority for purchasing non-information technology (non-IT) goods and information technology (IT) goods and services for State government resides with the Department of General Services (DGS). The DGS also has statutory authority to grant purchasing authority to those departments demonstrating the capability to make purchases that adhere to State statutes, regulations, executive orders, policies, procedures, sound business practices, and cost effectiveness that are in the best interest of the State.

The DGS is accountable and responsible for the purchasing authority it grants. The PAA is designed to provide the DGS with the information needed to determine if a department has the expertise, experience, knowledge, and internal procurement policies and procedures to support the type(s), category(ies), and dollar thresholds of authority requested.

1.A1.1 Program oversight

The Purchasing Authority Management Section (PAMS) within the DGS Procurement Division (PD) is responsible for oversight of the purchasing authority program on a statewide basis, including review and approval of PAAs requesting purchasing authority and monitoring of departments granted purchasing authority. Departments are required to make purchasing authority documentation and information available to the DGS/PD upon request and may not withhold such documentation and/or information.

1.A1.2 Purchasing authority types

There are two types of purchasing authority available to State departments. The table below identifies the types of purchasing authority available and the respective Public Contract Code (PCC) sections authorizing the delegation of the authority:

If the purchasing authority is for	Then the delegation of the purchasing authority is governed by PCC section(s)	And SAM section(s)
Non-information technology (non-IT)	10308, 10309, 10331 through 10333	3506
Information technology (IT)	12100 et seq.	N/A

**1.A1.3
Purchasing
categories or
sub-categories**

Once a purchasing type(s) has been selected, a department must then decide what purchasing categories or sub-categories to use in conducting their purchasing activities. A department may select one or more of the following purchasing categories or sub-categories as applicable to their selected purchasing authority type:

- Competitive solicitations (informal and formal).
- Community-Based Rehabilitation Program (CRP).
- Non-competitively bid (NCB) contract approval.
- Small Business (SB)/Disabled Veteran Business Enterprise (DBVE) Option (competitive solicitations conducted under Government Code (GC) 14838.5 with a value of \$5,000.01 through \$249,999.99).
- Leveraged Procurement Agreement (LPA) orders are further sub-categorized into the following:
 - California Multiple Awards Schedule (CMAS) contracts
 - Software License Program (SLP) contracts
 - Master Agreements (MA), including Western States Contracting Alliance (WSCA)
 - State Price Schedules (SPS)
 - Statewide Contracts (SC)
 - Cooperative Agreements

Note: Purchasing authority also provides departments the ability to participate in the CAL-Card Purchase Card Program. Only departments granted purchasing authority will be considered for participation in the CAL-Card Purchase Card Program.

**1.A1.4 Dollar
thresholds
and exempt
contracts**

The requirements for obtaining purchasing authority for any category are commensurate with the applicable dollar threshold. Purchasing authority for contracts identified as exempt by statute or by policy will be granted at the same dollar threshold granted for competitive solicitations.

**1.A1.5
Levels of
competitive
purchasing
authority**

The purchasing authority categories or sub-categories and dollar thresholds available to departments are described in Topic 2 of this section. For each category or sub-category, except competitive, departments may only apply for the dollar threshold(s) listed or may elect to not apply for a category(ies). For example, the dollar threshold for non-IT goods CMAS LPA purchasing authority sub-category is set at \$100,000.00. The Department must only apply for the \$100,000.00 CMAS purchasing authority, or elect "None" in this CMAS category. For competitive, the department has the following choices, as well as "None":

Competitive Purchasing Authority Level	Characteristics
Minimum	<ul style="list-style-type: none"> • Lowest dollar threshold of authority available. • Departments that conduct very few, small procurements should request this authority level.
Standard	<ul style="list-style-type: none"> • General dollar threshold of authority available. • Informal solicitations. • Departments must be granted this level of authority and have experience conducting procurement activities at this level prior to applying for authority to conduct formal procurement activities. • Prior to being granted full authority at this level, the department may be required to conduct a single competitive procurement. Refer to Topic 2 "Requesting Purchasing Authority" of this Section.
Formal	<ul style="list-style-type: none"> • No set dollar threshold. • Dollar threshold for formal solicitations is granted on a case-by-case basis. • Prior to being granted full authority at this level, the department will be required to conduct a single competitive procurement. Refer to Topic 2 "Requesting Purchasing Authority" in this section.

1.A1.6 Must departments have purchasing authority?

Departments without approved purchasing authority are prohibited from conducting any of the following purchasing activities:

- Non-IT goods exceeding \$100.00 as stated in PCC section 10308.
- IT goods and services of any dollar value, including IT Inter-Agency Agreements (IAA).
- Using any of the purchasing categories or sub-categories referenced in this Chapter.
- Participation in the CAL-Card Purchase Card Program.

Note: Departments should review their business needs before making the decision not to apply to the DGS/PD for purchasing authority.

1.A1.7 Departments with purchasing authority

Click here to access a [current listing of departments with approved purchasing authority](#).

1.A1.8 Contact PAMS

Departments are encouraged to use the PAMS as the first point of contact to assist in answering questions or discussing concerns regarding any aspect of purchasing authority and/or any purchasing activities authorized under the program.

Questions may be electronically mailed to the PAMS at pams@dgs.ca.gov.

Topic 2 – Scope of Purchasing Authority

1.A2.0 Categories or sub- categories and dollar thresholds

The table below illustrates the purchasing authority options available to departments when considering what purchasing type(s), category(ies) or sub-categories, and dollar threshold limits are available and what will best satisfy the needs of an individual department. Dollar thresholds identified in this table as well as throughout the SCM exclude sales and use tax, finance charges, postage, and handling charges. Shipping charges are also excluded from the dollar threshold limits unless the shipping charge is included in the evaluation such as FOB Origin, Freight Collect, or FOB Destination.

***Note:** Limits unless otherwise stated in the individual LPA User guide.

Purchasing Authority Category or Sub-category	Non-IT goods: dollar thresholds	Non-IT Services: Dollar Thresholds	IT Goods and Services: Dollar Thresholds
Competitive Levels: Minimum	\$4,999.99	OLS oversight Refer to SCM, Vol. 1	\$4,999.99
Competitive Levels: Standard	\$100,000.00	OLS oversight Refer to SCM, Vol. 1	\$1,000,000.00
Competitive Levels: Formal	Over \$100,000.00	OLS oversight Refer to SCM, Vol. 1	Over \$1,000,000.00
Single Competitive Solicitation	As Authorized	OLS oversight Refer to SCM, Vol. 1	As Authorized
NCB Contract Approval	Equal to approved competitive level, but not to exceed \$25,000.00	OLS oversight Refer to SCM, Vol. 1	Equal to approved competitive level, but not to exceed \$25,000.00
SB/DVBE Option per GC section 14838.5(a)	\$5,000.01 through \$249,999.99	OLS oversight Refer to SCM, Vol. 1	\$5,000.01 through \$249,999.99
LPA Orders: CMAS	\$100,000.00	\$250,000.00	\$500,000.00
LPA Orders: Master Agreements	\$500,000.00*	\$500,000.00*	\$1,500,000.00*
Orders: Software License Program	N/A	N/A	\$2,000,000.00*
LPA Orders: Statewide Contracts	Unlimited	N/A	Unlimited
LPA Orders: State Price Schedules	\$100,000.00	N/A	\$100,000.00
LPA Orders: Cooperative Agreements (e.g. WSCA, NASPO)	\$500,000.00*	\$500,000.00*	Unlimited

**1.A2.1
Incidental
services on
non-IT goods**

Non-IT incidental services (i.e. set-up and installation) may be acquired during the original purchase of non-IT goods but the services must be subordinate to the overall purchase and not exceed a dollar threshold of \$4,999.99. If the service portion of a non-IT goods purchase exceeds \$4,999.99, then the service portion must be separated from the non-IT goods purchase and executed as a contract in accordance with the SCM, Volume 1. This requirement does not apply to LPA orders for non-IT goods.

**1.A2.2
Exclusions**

The activities described below are outside the scope of purchasing authority as authorized by the DGS/PD:

Activity	Basis for exclusion:
Non-IT goods valued at \$100.00 or less	<p>Defined in PCC section 10308, departments have statutory authority to purchase non-IT goods valued at \$100.00 or less without the DGS/PD oversight.</p> <p>Warning: This statute pertains only to non-IT goods. Departments without IT goods and services purchasing authority may not procure IT goods and services in any dollar amount.</p>
Non-IT services, other than LPA orders	<p>Personal services that are not defined as IT. Primarily labor related, rather than providing a tangible product. For assistance, refer to the State Contracting Manual (SCM), Vol. 1.</p> <p>Note: Non-IT service LPAs, i.e. CMAS or MA, are within the scope of purchasing authority authorized by the DGS/PD.</p>
Inter-Agency Agreements (IAA) for Non-IT services	<p>Defined in GC section 11256 as an agreement between two or more state agencies. Non-IT services IAAs valued at \$50,000.00 and over must be approved by the DGS/Office of Legal Services (OLS). For assistance, refer to the SCM, Vol. 1.</p> <p>Note: IAA for IT goods and services and IAAs for consolidated data center services are processed under IT purchasing authority or DIA authority, respectively. Refer to 1.A2.3 of this section, and the SCM, Vol. 3, Chapter 8 for additional information. Refer to the SCM, Vol. 1 for non-IT services.</p>
Public Works	<p>Defined in PCC section 1101 as an agreement for the erection, construction, alteration, repair or improvement of any public structure, building, road, or other public improvement of any kind. For assistance, refer to the SCM, Vol. 1 and/or contact the DGS/OLS.</p>
Architectural, engineering and environmental services (A & E)	<p>Defined in GC section 4525 et seq. as professional services of private architectural, landscape architectural, engineering, environmental, land surveying or construction project management firms. For assistance, refer to the SCM, Vol. 1.</p>

**1.A2.2
Exclusions
(continued)**

Memberships in professional organizations for represented and non-represented employees	Memberships in professional organizations for represented employees are governed by the collective bargaining agreements. Memberships in professional organizations for non-represented employees are governed by the Department of Personnel Administration (DPA) rules. For assistance, refer to the SCM, Vol. 1 or contact the employee's department's labor relations' office.
Non-IT departmental memberships in professional organizations	Departmental memberships in professional organizations are considered a personal service. Non-IT departmental memberships valued at \$50,000.00 and over must be approved by the DGS/Office of Legal Services (OLS). For assistance, refer to the SCM, Vol. 1. Note: IT departmental memberships are included within IT purchasing authority. If an IT membership purchase exceeds a department's approved purchasing authority dollar threshold, then the acquisition must be submitted to the DGS/PD Technology Acquisitions Branch (TAB). For assistance, contact TAB .
Legal services	Services rendered by an attorney must be authorized by the Attorney General's Office. For assistance, refer to the SCM, Vol. 1.
Opportunity purchases	In accordance with PCC section 10321, opportunity purchases are not within purchasing authority and are applicable only to District Agricultural Associations (DAA). Note: This exclusion from purchasing authority is only applicable to non-IT goods transactions.

**1.A2.3 IT
Interagency
agreements**

Executing interagency agreements (IAA) for IT goods and services is part of a department's approved IT purchasing authority and is granted at the same dollar level as IT competitive purchasing authority. Departments must submit an IT IAA to the DGS/PD's Technology Acquisition Branch (TAB) for review and approval if the department does not have IT competitive purchasing authority or if an IT IAA exceeds the department's IT competitive purchasing authority dollar level.

Exception:

Routine computer processing and related IT services provided by the data center to "customer" departments are processed under the data center's authorized DIA delegation without dollar limits.

**1.A2.4
Exceeding
purchasing
authority
thresholds**

Departments may not execute a solicitation, request for offer (RFO), NCB contract or exempt contract that exceeds or is expected to exceed the department's approved purchasing authority by type, category/sub-category, or dollar threshold, except in an emergency as defined in PCC sections 10340 and 12102(a) (2).

Note: An exemption may be obtained for IT Master Agreements above \$1,500,000 by completing and submitting a Leveraged Procurement Agreement request for exemption. Refer to the SCM, Vol. 3, Chapter 6 for additional information.

Any transaction that exceeds or is expected to exceed a department's purchasing authority, by type, category/sub-category, or dollar threshold, must be submitted to the DGS/PD on a Purchase Estimate (STD.66) for non-IT and IT goods and by memo for IT services.

Procurements for non-IT goods will be conducted by the DGS/PD Acquisitions and Contracts Section ([ACS](#)). Procurements for IT goods and services will be conducted by the DGS/PD Technology Acquisitions Branch. (TAB).

The DGS/PD is also available, at a department's request, to conduct any procurement that is within the departments purchasing authority.

Note: Contact [TAB](#) for instructions on submitting IT service procurement requests.

**1.A2.5 Order
splitting**

PCC section 10329 for non-IT goods and by policy for IT goods and services state that "no person shall willfully split a single transaction into a series of transactions for the purpose of evading the bidding requirements of this article."

Departments also may not split orders to circumvent approved purchasing authority dollar threshold limits.

**1.A2.6
Emergency
purchases**

Departments may contract for emergencies (as defined by PCC sections 10340 and 12102(a)(2) regardless of dollar limits but must adhere to the purchasing processes applicable to the classification of the emergency (Refer to [Chapter 2](#)).

1.A2.7 CAL-Card usage

Departments granted purchasing authority may apply for and participate in the State's CAL-Card Purchase Card Program. The Department's Purchasing Authority Contact (PAC) is responsible for distributing the SCM to the department's CAL-Card Coordinator and is the responsible party for questions related to the department's purchasing program.

Warning:

CAL-Card usage does not exempt a department from following all applicable acquisition laws, regulations, executive orders, policies, procedures, and best practices. Departments are strongly reminded that CAL-Card is a payment mechanism, not a procurement method.

Note: It is State policy that only departments granted purchasing authority are qualified to participate in the CAL-Card Program.

Click here for more information regarding the [CAL-Card Purchase Card Program](#).

Topic 3 – Purchasing Authority Requirements

1.A3.0 Requirements and responsibilities

Departments granted purchasing authority are responsible and accountable for all procurement activities conducted under their approved purchasing authority, regardless of where the procurement activity occurs.

Departments must adhere to the following purchasing authority requirements and responsibilities:

The department will	The requirement or responsibility includes
Designate a Procurement and Contracting Officer (PCO)	<ul style="list-style-type: none"> • Approval for the department of the department's PAA . • Accountability and direct responsibility for the department's purchasing authority. • Developing and maintaining a listing of all departmental staff with authority to execute any purchase documents. • Ensuring that all procurement and contract staff receive the appropriate training and obtain the appropriate certification. • Ensuring the department's adherence to and compliance with the SCM.

**1.A3.0
Requirements
and
responsibilities
(continued)**

Designate a Procurement and Contracting Officer (PCO) (continued)	<ul style="list-style-type: none">• Ensuring all departmental purchase documents, including any and all leveraged procurement agreement (LPA) orders, are available for review and providing the department's response to any audit or review findings.• Signatory for the department on all compliance reviews of the department's purchasing program.• Monitoring the department's progress in meeting and/or exceeding purchasing authority standards and continuous improvement of the department's purchasing program.• Serve as the agency officer in accordance with PCC section 10333.
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**1.A3.0
Requirements
and
responsibilities
(continued)**

<p>Establish and maintain written departmental procurement policies and procedures.</p>	<ul style="list-style-type: none"> • Ensuring and documenting competitive purchasing. • Complying with purchasing standards established by applicable PCC sections and approved purchasing authority. • Inspecting purchased products for compliance with specifications. • Documenting supplier delivery performance. • Complying with applicable provisions of law and with applicable regulations. • Complying with policies, procedures, and best practices as the DGS/PD may require.
<p>Establish procedures for complying with provisions of the Small Business Procurement and Contract Act (GC section 14835 et seq.) and DVBE participation.</p>	<ul style="list-style-type: none"> • Direction for meeting the SB and DVBE business participation goals in state procurement as established by the DGS/PD in accordance with GC section 14838.
<p>Establish policies for training personnel (Departmental and Cal-PCA training when available).</p>	<ul style="list-style-type: none"> • Purchasing law, regulations, policies, procedures, and best practices. • Controlling and reviewing purchasing practices. • Auditing purchasing activities. • Purchasing authority within the department.

**1.A3.0
Requirements
and
responsibilities
(continued)**
[\(rev 7/11\)](#)

<p>Submit procurement reports as required and on a timely basis.</p>	<ul style="list-style-type: none"> • Annual purchasing authority renewal. • PAA deficiencies. • Monthly procurement activity reporting. • Purchasing program compliance review report commitments to resolve findings. • Other reports as required by statute or by the DGS/PD, refer to Chapter 12.
<p>Comply with the non-discrimination requirements of Americans with Disabilities Act (ADA).</p>	<ul style="list-style-type: none"> • Ensuring that all departmental programs, activities, and services are available to all persons, including persons with disabilities. • Ensure the department's ADA Coordinator will be available to assist and respond to persons with disabilities needing a reasonable accommodation to participate in the procurement process.

**1.A3.0
Requirements
and
responsibilities
(continued)**

Establish procedures for complying with the provisions of the California Prompt Payment Act, GC 927, and et seq.

- Date stamping supplier invoice upon initial receipt by department.
- Maintaining, in the purchase file, documentation as to when goods and services are received.
- Paying properly submitted undisputed invoices in accordance with the purchase document.
- Submitting invoices to the SCO for payment within 30 days or paying invoices via the revolving fund process within 45 days from the later of:
 - The date of acceptance of goods or performance of services or
 - Receipt of an undisputed invoice.
- Automatically authorizing and paying late payment penalties whenever an undisputed invoice is not paid within required time frames.
- Reporting to the DGS/PD all late payment penalties paid by the department each fiscal year, refer to Chapter 12.

**1.A3.0
Requirements
and
responsibilities
(continued)**

<p>Designate a department SB advocate, when the department's contracting activities exceed \$100,000.00 annually.</p> <p>Note: Contracts, includes all purchasing authority related procurement activities and excluded activities.</p>	<ul style="list-style-type: none"> • Identifying potential SB and DVBE subcontractors and potential subcontracting opportunities. • Making information regarding pending solicitations available to and consider offers from certified SB and DVBE business suppliers capable of meeting the state's business need. • Ensuring that payments due on purchases with SB and DVBE suppliers are promptly made as provided by GC section 927.
<p>Maintain signed Conflict of Interest (COI) statements for every staff person involved in the procurement process. Click here to view a sample COI statement.</p> <p>Note: A department may use its own certification document such as an incompatible activity statement, ethics statement, and COI statement or use the above sample.</p>	<ul style="list-style-type: none"> • Staff involved in: <ul style="list-style-type: none"> ○ Soliciting bids. ○ Preparing procurement documents. ○ Approving procurement documents. ○ Receiving goods/services. ○ Approving payment. ○ Making the payment. • A reference to or inclusion of GC section 19990. • Ensuring the employee signs a COI at least once during his/her tenure with the department.

**1.A3.0
Requirements
and
responsibilities
(continued)**

<p>Whenever an acquisition warrants, secure, and document any approval required by:</p> <ul style="list-style-type: none">• California Technology Agency• CALPIA• DGS/PD• OTech/STND• DGS/Office of Fleet Administration (OFA)• DGS/OLS• DGS/Office of Records & Information Management (CalRIM) as applicable to GC section 14755• Any other required approvals.	<ul style="list-style-type: none">• Maintaining evidence in the procurement files of appropriate approvals being obtained prior to conducting a procurement activity or contract execution, as applicable.
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Topic 4 – Purchasing Authority Roles and Responsibilities

1.A4.0 Roles and responsibilities

The following table defines the roles and responsibilities of individuals involved in a department's purchasing authority activities:

If assigned as the	Your role is to
<p>Procurement and Contracting Officer (PCO)</p> <p>Important:</p> <ul style="list-style-type: none"> • To fulfill this requirement the designated PCO must be the same person for all purchasing authority held by the department. • A PCO may assign responsibility for the department's day-to-day procurement activities to a Purchasing Authority Contact (PAC) but in doing so, is not relieved of any purchasing authority accountability and responsibility. • PAMS must be notified within 30 days of any change in designation of a PCO. • Notification of changes must be made by completing and submitting Part A of the PAA. Refer to <u>Section B of this Chapter, Topics 1 and 2.</u> • Failure of the department to promptly notify the DGS of a PCO change may result in the department not receiving notification of purchasing authority requirements for which it will be held responsible. 	<ul style="list-style-type: none"> • Act as the single point of contact for the DGS/PD on procurement matters. • Be responsible for all procurement and contracting within the department except for non-IT services, Public Works, Architectural & Engineering, and Real Estate contracts that are based on SCM, Vol. 1. • Be responsible and directly accountable for the department's purchasing authority. • Ensure all procurement and contracting activities within the department fully comply with State law, appropriations, regulations, executive orders, policies, procedures, best practices, and the SCM. • Provide the necessary resources to ensure all staff are properly qualified and trained in all aspects of the procurement process. • Review and approve the department's PAA(s) prior to submission to the DGS/PD. • Serve as the department signatory on purchasing program compliance review reports. • Serve as the agency officer in accordance with PCC section 10333.

1.A4.0 Roles and responsibilities (continued)

<p>Purchasing Authority Contact (PAC) (formerly the: Delegation Contact)</p> <p>Important:</p> <ul style="list-style-type: none"> • PAMS must be notified within 30 days of any change in designation of a PAC. • Notification of changes must be made by completing and submitting Part A of the PAA. Refer to Section C of this Chapter Topics 1 and 2). • Failure of the department to promptly notify the DGS of a PAC change may result in the department not receiving notification of purchasing authority requirements for which it will be held responsible. <p>Note: Departments may choose not to designate a PAC. If the department does not, then the PAC role reverts to the PCO.</p>	<ul style="list-style-type: none"> • Interface and communicate with the DGS/PD, the PCO, and subordinate staff. • Oversee day-to-day procurement activities conducted under the purchasing authority. • Ensure that the department's policies & procedures are consistent with current law, regulations, executive orders, policies, procedures, best practices, and the SCM. • Distribute SCM and any SCM revisions to the appropriate departmental staff. • Coordinate procurement activities with the department's small business advocate, if the department is required to designate a small business advocate. • Inform the department's CAL-Card Coordinator of purchasing authority requirements, if the department participates in the State's CAL-Card Purchase Program.
<p>Buyer (formerly the procurement and/or contracting staff)</p>	<ul style="list-style-type: none"> • Perform the day-to-day purchasing and contracting activities. • Interface and communicate with the PAC. Should report to or be in a clear line of communication with the PAC. • Mentor less experienced purchasing staff. • Be knowledgeable of procurement laws, regulations, executive orders, policies, procedures, best practices, and the SCM. • Maintain the procurement file and related documentation.

1.A4.0 Roles and responsibilities (continued)

Payment Officer	<ul style="list-style-type: none"> • Ensure timely payment of invoices. • Ensure proper internal approvals have been secured prior to processing payment. • Adhere to GC section 927 et seq.
SB Business Advocate	<ul style="list-style-type: none"> • Promote SB and DVBE business contracting participation. • Assist purchasing staff in identifying potential small, micro, and DVBE businesses. • Make solicitation information available to small, micro, and DVBE businesses. • Ensure prompt payment to small businesses.
ADA Coordinator	<ul style="list-style-type: none"> • Assist and respond to questions or concerns regarding reasonable accommodation needs.
CAL-Card Coordinator	<ul style="list-style-type: none"> • Provide written CAL-Card procedures for the department. • Ensure compliance with the DGS/PD and department CAL-Card procedures and contract terms. • Coordinate CAL-Card training. • Administer new account reporting and payment processes for CAL-Card. • Add, delete, and/or alter card restrictions/limits. • Review billing reports to monitor payments and disputes. • Coordinate procurement and contracting activities that use CAL-Card as the payment mechanism with the PAC.

1.A4.0 Roles and responsibilities (continued)

Receiving Staff	<ul style="list-style-type: none">• Receive or acknowledge deliveries.• Inspect goods.• Complete stock received reports and ensure notification of stock received information to both the buyer and to the Accounting office.• Inventory and control assets.• Tag assets.
-----------------	---

1.A4.1 Department obligations

Each department accepts responsibility for its purchasing program which includes but is not limited to:

- Ensuring the necessity of products and services acquired.
- Securing appropriate funding.
- Complying with all applicable laws, regulations, executive orders, policies, procedures, and best business practices.
- Executing purchase documents that are in the state's best interests.

Responsibility for a department's purchasing program resides primarily, but not solely, with the department's executive and management staff or it's PCO. Responsibility also resides with all departmental staff involved in the procurement process.

Departments are required to ensure that personnel involved in procurement activities complete ethics training and should regularly remind personnel of the importance of maintaining professional and ethical standards when conducting state procurements.

Consequently, all personnel involved in the procurement process must have the appropriate training, experience, level of responsibility, and accountability as necessary to ensure compliance with all State laws, regulations, executive orders, and with all the DGS/PD policies, procedures, and best practices.

1.A4.2 Rescission or reduction of authority

Departments are held accountable for the procurement activities conducted under any type and/or category/sub-category of an authorized purchasing authority.

The DGS/PD reserves the right to rescind or reduce any purchasing authority at any time.

1.A4.3 Ethics and conflicts

Department personnel involved in procurement activities are either directly or indirectly spending public funds and are subject to public scrutiny. Consequently, the DGS/PD reminds personnel involved in procurement activities 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 departmental personnel of expected standards of ethical and moral behavior during any procurement activities involving their participation.

Click here to access the [Fair Political Practices Commission's web page](#) for additional information.

1.A4.4 Separation of duties

Departments with any type of purchasing authority must always be mindful to maintain sufficient separation of duties in order to reduce the risk of error or fraud in the department's purchasing program.

Key duties and responsibilities should be segregated to separate the responsibilities for: conducting the procurement, approving purchase documents, acknowledging and receiving goods and services, approving invoices, and preparing payments.

Note: No one person should control more than one of the key aspects of a procurement activity.

Topic 5 – Applying for Purchasing Authority

1.A5.0 Which types and category(ies) or sub-categories of authority should the department request?

It is the department's decision whether to request authority for one or both types of authority, as well as whether to request authority for all, some or none of the categories or sub-categories of authority. The DGS/PD cannot make this decision for the department. The department must specify the type(s), category(ies) or sub-categories, and dollar threshold limits for which it is requesting authority. See Topic 2 of this section.

Note: Departments must submit a single PAA if applying for both non-IT and IT purchasing authority.

1.A5.1 Requesting new purchasing authority

A department must complete and submit a PAA when it is requesting new purchasing authority. The PAA review and approval processing time is approximately 60 days.

The PAA consists of 5 parts as follows:

- [Part A](#) identifies the department, the current purchasing authority numbers, the PCO, and PAC(s).
- [Part B](#) identifies that one department is requesting authority to procure for another department, identifies the other department and its PCO, and documents the agreement and understanding of the other department's PCO.
- [Part C](#) identifies the type(s), category/sub-category(ies), and dollar threshold levels of purchasing authority the department is requesting.
- [Part D](#) obtains documents necessary for the DGS to evaluate the department's PAA.
- [Part E](#) obtains information necessary for the DGS to evaluate the department's PAA and to verify that the department is aware of the specific purchasing authority requirements.

The PAA is designed to support the DGS approval of a department's PAA and to enable a department to expand its purchasing authority program as staff develop their expertise and/or become certified under the DGS/PD Cal-PCA training certification program. The PAA also allows departments to continue to procure as previously authorized.

1.A5.2 Renewing existing purchasing authority

Effective January 1, 2010, the DGS began transitioning to a new streamlined process for departments to renew their delegated purchasing authority. Departments shall submit either a PAA or a Purchasing Authority Verification Form (PAVF) to renew their delegated purchasing authority.

Departments that were selected to submit a PAA during the 2010 transition year should submit a PAVF in 2011 by the 15th day of the month which precedes their purchasing authority expiration month. Departments would then alternate between submitting the PAA and the PAVF each year.

Departments that were selected to submit a PAVF during the 2010 transition year should submit a PAA in 2011 by the 15th day of the month which precedes their purchasing authority expiration month. Departments would then alternate between submitting the PAVF and the PAA each year.

Click here to access the: [PAVF](#).

For questions, contact [PAMS](#).

Warning:

A department's failure to submit a renewal PAA or PAVF on a timely basis will result in a lapse of purchasing authority and, subsequently, the inability to conduct procurement activities until the department has submitted the renewal PAA or PAVF and PAMS has completed its review and approval.

1.A5.4 Requesting increased authority

Departments interested in requesting an increase in competitive purchasing authority may request an increase by:

- Completing the [Purchasing Authority Increase Request Form](#) (PAIR).
- Submitting the PAIR to the PAMS.

Once the PAIR is received by the PAMS, the department may be asked to complete the following:

- Request for One-Time Procurement to Increase Authority, Non-IT Goods
- Request for One-Time Procurement to Increase Purchasing Authority, Information Technology

Departments requesting an increase to the formal competitive dollar thresholds may be required to conduct a single competitive solicitation under PAMS oversight, including submission of specified documentation during the procurement process for PAMS concurrence. Upon successful completion of the single procurement, the department will be granted the general increase in competitive purchasing authority.

It is recommended that the department discuss such a request with PAMS prior to completing the Request. The PAMS encourages the departments to submit the PAIR with their renewal package to reduce workload for the department and for the DGS/PD.

**1.A5.5
Request for
One-Time
Procurement
format**

The request to increase purchasing authority for a One Time Procurement is available in two formats. One format requests authority to procure non-IT goods valued greater than \$100,000.00. The second format requests authority to procure IT goods and services greater than \$1,000,000.00. The request enables the DGS' approval of a department's request to expand its purchasing authority program for one purchase while staff develop their expertise and/or become certified under the DGS/PD Cal-PCA training certification program.

Click here to access:

[The Request for One-Time Procurement to Increase Purchasing Authority, Non-IT Goods in Word format](#)

[The Request for One-Time Procurement to Increase Purchasing Authority, Non-IT Goods in PDF format](#)

[The Request for One-Time Procurement to Increase Purchasing Authority, IT Goods and Services in Word format](#)

[The Request for One-Time Procurement to Increase Purchasing Authority, IT Goods and Services in PDF format](#)

Topic 6 – Assigning Purchasing Authority Numbers

1.A6.0 What is the purpose of the purchasing authority number?

The purchasing authority number identifies the department's authority to conduct a solicitation and/or execute a purchase document for specific types, categories or sub-categories, and dollar thresholds of goods and/or services. The purchasing authority number also informs the State Controllers Office (SCO) that the department has the authority to execute purchase documents, enabling the SCO to process payments to suppliers.

1.A6.1 How does the DGS/PD differentiate between the two types of purchasing authority?

Upon purchasing authority approval, PAMS will assign departments a purchasing authority (PA) number(s), identifying the type of purchasing authority activity, non-IT and/or IT, the department has been approved to conduct. The numbering format for the two types of purchasing authority is similar, while allowing for differentiation.

For both PA types, the numbering format is limited to a maximum of 12 alpha/numeric characters and hyphens as follows:

- The first character is always a "9" which denotes purchasing authority.
 - The second character is normally either a "G" for non-IT or an "I" for IT, followed by a hyphen. However, purchasing authority for procurement activities conducted by a data center and associated with data center services, is identified by a "D"
 - The next four characters identify the purchasing authority expiration month and year, followed by a hyphen. Purchasing authority always expires on the last day of the month.
 - The next three characters identify the department by a representative acronym, followed a hyphen. This is the department that has been granted the purchasing authority.
 - The remaining three characters identify whether the authority is a headquarters location or another location other than headquarters.
-

1.A6.2 Example #1 non-IT PA number

Purchasing Authority Number:

9G-0611-DGS-HQ1

Translation:

Department of General Services, headquarters location, non-IT purchasing authority, expires June 30, 2011.

Definition

9 = Purchasing authority

G = Non-IT purchasing authority type

06 = Purchasing authority expires June 30

11 = Purchasing authority expires 2011

DGS = Department of General Services

HQ1 = Headquarters location

**1.A6.3
Example #2 IT
goods and
services PA
number**

Purchasing Authority Number

9I-0611-DGS-HQ1

Translation:

Department of General Services, headquarters location, IT purchasing authority, expires June 30, 2011.

Definition:

9 = Purchasing authority

I = IT purchasing authority type

06 = Purchasing authority expires June 30

11 = Purchasing authority expires 2011

DGS = Department of General Services

HQ1 = Headquarters location

**1.A6.4
Example #3
non-IT PA
number
assigned to a
location other
than a
headquarters
site**

Purchasing Authority Number

9G-0611-DGS-FLT

Translation:

Department of General Services, Office of Fleet Administration, non-IT purchasing authority, expires June 30, 2011.

Definition

9 = Purchasing authority

G = Non-IT purchasing authority type

06 = Purchasing authority expires June 30

11 = Purchasing authority expires 2011

DGS = Department of General Services

FLT = Office of Fleet Administration

**1.A6.5
Example #4 IT
PA number
assigned to a
data center to
procure for
another
department
related to data
center
services**

Purchasing Authority Number

9D-0611-DTS-DGS

Translation:

Department of Technology Services, IT purchasing authority, to procure for the Department of General Services related to data center services, expires June 30, 2011.

Definition

9 = Purchasing authority

D = IT purchasing authority type

06 = Purchasing authority expires June 30

11 = Purchasing authority expires 2011

DTS = Department of Technology Services

DGS = Department of General Services

1.A6.6 When is the PA number used?

The PA number must be entered on every purchase document a department executes, regardless of dollar value, under approved purchasing authority. This number is in addition to any other purchasing category/sub-category contract numbers required by the DGS/PD policies and procedures.

Departments authorized both types of purchasing authority (non-IT and IT) will be assigned a separate PA number for each purchasing authority type. Care must be taken to ensure the applicable PA number is entered on the purchase document in accordance with the applicable purchasing authority type.

Section B

Purchasing Authority Application

Overview

Introduction In accordance with the PCC sections 10333 and 12100, the DGS may delegate its purchasing authority to departments. The DGS is accountable and responsible for the purchasing authority it delegates. The PAA is designed to provide the DGS with the information it needs to determine if a department has the expertise, experience, knowledge, and internal procurement policies and procedures to support the type(s), category/sub-category(ies), and dollar threshold limits of authority requested.

This section describes how to complete the PAA. The Department should also refer to Section A of this chapter for general information regarding purchasing authority.

Contents This Section contains the following topics:

Topic	See Page
Topic 1 – Part A: Department Information and Approvals	33
Topic 2 – Part B: Procuring for Another Department	36
Topic 3 – Part C: Purchasing Authority Types, Categories or Sub-Categories, and Dollar Thresholds Requested	40
Topic 4 – Part D: Required Attachments	43
Topic 5 – Part E: Required Responses	46
Topic 6 – PAA Submission	47
Topic 7 – Approvals	48

Topic 1 – Part A: Department Information and Approvals

1.B1.0 Introduction This topic describes how to complete Part A of the Purchasing Authority PAA.

1.B1.1 What is the purpose of Part A? The purpose of Part A is to:

- Identify the department requesting the purchasing authority.
- Identify the department's current purchasing authority, if applicable.
- Identify the PCO and the PAC(s).
- Obtain the PCO and PAC commitment to adhere to the purchasing authority requirements contained in the SCM.

1.B1.2 When is Part A submitted?

Part A must be submitted when the department is:

- Requesting new purchasing authority.
 - Designating a new PCO or changing any of the PCO's information.
 - Designating a new PAC or changing any of the PAC's information.
-

1.B1.3 PAA Part A

Click here to access:

[the Purchasing Authority Application, Part A in Word format](#)
[the Purchasing Authority Application, Part A in PDF format](#)

1.B1.4 Department information

The area of Part A that identifies the department requesting purchasing authority is titled "Purchasing Authority is Requested for Procurement Activities Conducted by". This refers to the department that will be granted the purchasing authority.

"Agency" is the cabinet-level entity to which the department reports (e.g. Resources Agency, Health, and Human Services Agency). If the department reports directly to the Governor, enter "Direct Report to the Governor". If a department's executive officer is a constitutional officer, enter "Constitutional Officer".

"Department" is a department, board, commission, or office (e.g. Department of Aging, Air Resources Board, Commission on the Status of Women, Office of Emergency Services). A department reports to one of the following as identified in the previous paragraph:

- An agency
- The Governor
- A constitutional officer

"Sub-Department" is an area within a department previously granted purchasing authority that is separate from and in addition to the purchasing authority granted to the department's headquarters (e.g. veterans home, developmental center, mental hospital, district agricultural association).

Note: The DGS/PD no longer grants new purchasing authority at the sub-department level. If a department has a business need for purchasing authority at the sub-department level, the department should discuss the department's business need with PAMS prior to preparing and submitting a PAA.

**1.B1.5
Current
purchasing
authority**

The area of Part A that identifies the department's current purchasing authority is titled "Current Purchasing Authority Numbers, if Applicable." Enter all of the department's current purchasing authority numbers, separating each number by a comma. The following are examples of current types of purchasing authority:

- Non-IT
- IT
- Goods base
- Goods expanded

If the department does not currently have purchasing authority, enter "None" or "N/A".

Note: The DGS/PD now grants two types of purchasing authority-non-IT and IT. A separate PAA is no longer required for base vs. expanded authority. A separate PAA is also not required to apply for authority to use the LPAs. See Section A of this Chapter for more information.

**1.B1.6 PCO
and PAC
information**

The area of Part A that identifies the department's PCO and/or PAC(s) encompasses the majority of Part A. The following is an explanation of how to complete this area.

- All PCO information must be completed, including the PCO's signature. The signature must match the PCO "Name".
 - If the department is designating a PAC, all PAC information must be completed for each purchasing authority type(s) requested (non-IT and/or IT), including the PAC's signature. The signature must match the PAC "Name".
 - Addresses, mailing, and physical, must include the street address or P.O. Box as applicable, city, state, and zip code. A P.O. Box may not be entered for the physical address. Phone and fax numbers must include the area code.
 - If the department is designating a new PCO and/or PAC or revising the PCO and/or PAC information, the appropriate box in the applicable shaded header area must be marked and the PCO and/or PAC information must be completed.
-

Topic 2 – Part B: Procuring for another Department

1.B2.0 Introduction

Departments must obtain the DGS/PD approval to purchase on behalf of another department. Submission of Part B of the PAA is required to request the DGS/PD approval.

1.B2.1 What is the purpose of Part B?

The purpose of Part B is to:

- Identify that the department requesting purchasing authority (referred to as Dept. A) will conduct procurement activities for another department (referred to as Dept. B).
- Identify Dept. B and Dept. B's PCO.
- Document Dept. B's authorization for Dept. A to conduct procurement activities for Dept. B.

Document the understanding of Dept. B's PCO that Dept. A will be granted the purchasing authority, not Dept. B.

1.B2.2 When is Part B submitted?

Part B must be submitted when:

- Dept. A is renewing existing purchasing authority to procure for Dept. B.
- Dept. A is requesting new purchasing authority to procure for Dept. B.
- Dept. B designates a new PCO or any of Dept. B's PCO information changes.

Dept. A must submit a separate Part B for each department for which it will procure. Part B must normally be submitted with Dept. A's renewal PAA. The submission of Part B during the term of Dept. A's purchasing authority for a newly identified Dept. B will be on an exception basis only.

1.B2.3 PAA Part B

Click here to access:

[the Purchasing Authority Application, Part B in Word format](#)
[the Purchasing Authority Application, Part B in PDF format](#)

1.B2.4 Authority to procure for another department

To assist primarily small departments and data center customers with their business needs, the DGS/PD will consider PAAs for one department to procure for another. It is not a standard practice, nor is it intended to set a precedent, to allow one department to procure for another department. Rather, this practice may be allowed where needed by departments without procurement staff or when the procurement staff does not have the requisite procurement expertise.

**1.B2.5
Requesting
authority to
procure for
another
department**

Authority for one department to procure for another is not automatically granted by virtue of a department being granted purchasing authority. This authority must be requested. If approved, the authority will be granted to the procuring department for the same purchasing authority number(s), type(s), category/sub-category(ies), and dollar threshold limits for which the procuring department has been approved.

**1.B2.6
Conditions for
requesting
authority to
procure for
another
department**

Departments may request authority to purchase for another department and may be granted such authority under the following conditions:

- Both departments must reside within the same Agency, unless the procuring department is a data center or the department for which procurement activities will be conducted does not reside organizationally within an Agency.
- If the procuring department is a data center:
 - The data center must have approved Data Center Interagency Agreement Purchasing Authority (DIA).
 - The data center must have an interagency agreement with the department to provide the department with data center services.
 - The acquisition(s) must be directly related to the data center services provided under the interagency agreement.
 - The acquisitions may be for only IT goods and services.
- If the department for which procurement activities will be conducted does not reside organizationally within an Agency, a justification must be submitted supporting the business need for the procuring department conducting procurement activities for the other department, as well as the reason(s) for not submitting the procurement activities to the DGS/PD.
- If the department for which procurement activities will be conducted does not have the requisite procurement expertise to conduct its own procurement activities, the reason for the lack of staff and/or staff expertise must be explained, as well as the reason(s) for not submitting the procurement activities to the DGS/PD.
- The procuring department must have current purchasing authority and a purchasing authority history that supports its ability to conduct procurement activities for another department.
- The purchasing authority will be granted to the procuring department for the same purchasing authority number(s), type(s), category/sub-category(ies), and dollar threshold limits for which the procuring department is currently authorized. The department granted purchasing authority to procure for another department is accountable and responsible for procurement activities conducted under that purchasing authority.
- Authority to procure for another department will not be granted to a department requesting new purchasing authority.

Note: The department for which procurement activities will be conducted may request purchasing authority that is separate and in addition to the authority granted to a procuring department.

1.B2.7 Dept. A and Dept. B information

The area of Part B that identifies Dept. A is titled "Purchasing Authority is Requested for Procurement Activities Conducted by". This refers to the department that is requesting and will be granted purchasing authority.

The area of Part B that identifies Dept. B is titled "Procurement Activities to be Conducted for". This refers to the department for which Dept. A will conduct procurement activities. Approval of the PAA does not grant Dept. B purchasing authority.

For both Dept. A and Dept. B, "Agency" is the cabinet-level entity to which the department reports (e.g. Resources Agency, Health, and Human Services Agency). If the department reports directly to the Governor, enter "Direct Report to the Governor". If a department's executive officer is a constitutional officer, enter "Constitutional Officer".

For both Dept. A and Dept. B, "Department" is a department, board, commission, or office (e.g. Department of Aging, Air Resources Board, Commission on the Status of Women, Office of Emergency Services). A department reports to one of the following as identified in the previous paragraph:

- An agency
- The Governor
- A constitutional officer

For Departments A and B, purchasing authority for one department to procure for another is not allowed at the sub-department level.

1.B2.8 Current purchasing authority

The area of Part B that identifies Dept. A's current purchasing authority to procure for Dept. B is titled "Current Purchasing Authority Numbers, if Applicable." Enter all of the department's current purchasing authority numbers, separating each number by a comma. If the department does not currently have purchasing authority, enter "None" or "N/A".

1.B2.9 PCO and PAC information

The first area of Part B related to PCO and PAC information is the area that identifies Dept. B's PCO and documents Dept. B's authorization for Dept. A to conduct procurement activities for Dept. B. The next area of Part B related to PCO and PAC information is the area that documents Dept. A's PCO and PAC's understanding of Dept. A's responsibilities in conducting procurement activities for Dept. B. The following is an explanation of how to complete these areas.

- All PCO information for Dept. B must be completed, including the PCO's signature. The signature must match the PCO "Name".
- The PCO information for Dept. A must be completed only if Part B is not submitted with Dept. A's purchasing authority renewal (Dept. A has already provided this information in Part A). If it is necessary to complete Dept. A's PCO information in Part B, all PCO information must be completed, including the PCO's signature. The signature must match the PCO "Name".
- The PAC information for Dept. A must be completed only if Part B is not submitted with Dept. A's purchasing authority renewal (Dept. A has already provided this information in Part A). If it is necessary to complete the Dept. A's PAC information in Part B, all PAC information must be completed for each purchasing authority type(s) requested, including the PAC's signature. The signature must match the PAC "Name".
- Addresses, mailing, and physical, must include the street address or P.O. Box as applicable, city, state, and zip code. A P.O. Box may not be entered for the physical address. Phone and fax numbers must include the area code.

If Dept. B is designating a new PCO or changing the current PCO information, Dept. A must submit a new Part B that includes the required information as stated previously. The appropriate box in the shaded header area for the Dept. B PCO must be marked.

Topic 3 – Part C: Purchasing Authority Types, Categories or Sub-Categories, and Dollar Thresholds Requested

1.B3.0 Introduction

This topic describes how to complete Part C of the PAA.

1.B3.1 What is the purpose of Part C?

The purpose of Part C is to identify the types, categories or sub-categories, and dollar thresholds of purchasing authority the department is requesting.

1.B3.2 When is Part C submitted?

Part C must be submitted when the department is:

- Renewing existing purchasing authority
- Revising existing purchasing authority
- Requesting new purchasing authority

If the department that is requesting the purchasing authority will conduct procurement activities for another department, it is not necessary to submit a separate Part C for the other department.

1.B3.3 PAA Part C

Click here to access:

[the Purchasing Authority Application, Part C in Word format](#)
[the Purchasing Authority Application, Part C in PDF format](#)

1.B3.4 Non-IT table vs. IT table

While the categories or sub-categories within each of the non-IT and IT tables are not identical, they are very similar. Therefore, the general instructions that follow are the same for both tables. If the department is requesting both types of purchasing authority, complete both tables. If the department is requesting only one type of purchasing authority, complete only the applicable table.

A primary difference between the two tables is the ability under the non-IT purchasing authority to request formal competitive solicitation authority for a specific category/sub-category(ies) of goods, rather than a general expansion of authority. If the department is requesting this type of authority, the related box under the non-IT table must be completed. The ability to request this authority for a specific category/sub-category(ies) is not available for IT purchasing authority.

1.B3.5 Which types and category(ies) or sub-categories of authority should the department request?

It is the department's decision whether to request authority for one or both types of authority, as well as whether to request authority for all, some or none of the categories or sub-categories of authority. The DGS/PD cannot make this decision for the department. The department must specify the type(s), category(ies) or sub-category(ies), and dollar threshold(s) for which it is requesting authority.

1.B3.6 New or renewal PAA

The shaded header in each table provides selections for the department to identify whether the PAA is for new purchasing authority, to renew existing purchasing authority or to revise existing purchasing authority. The department must select and check one of these boxes in each table, as applicable.

1.B3.7 Available dollar thresholds

The dollar values in the "Available Dollar Thresholds" column reflect the dollar thresholds currently available to departments. This information is provided for ease of reference by the department. For each category/sub-category, except competitive, the department may apply for the dollar thresholds listed or may elect to not apply for a category/sub-category(ies). For example, the dollar threshold for non-IT goods CMAS LPA purchasing authority sub-category is set at \$100,000.00. The Department must only apply for the \$100,000.00 CMAS purchasing authority, or elect "None" in this CMAS sub-category. For competitive, the department has the following choices:

- Minimum, which is the lowest dollar threshold of authority available
- Introductory, which is the entry dollar threshold for IT purchasing authority. This threshold is for informal solicitations. This choice is not available for non-IT purchasing authority.
- Standard, which is the general dollar threshold of authority available, this threshold is for informal solicitations.
- Formal, which does not have a dollar threshold. The threshold for formal solicitations is considered and granted on a case-by-case basis

The requirements for obtaining purchasing authority for any category/sub-category are commensurate with the applicable dollar threshold. Purchasing authority for contracts identified as exempt by statute or by policy will be granted at the same dollar threshold granted for competitive solicitations.

1.B3.8 Current approved dollar thresholds

The dollar values entered in the "Current Approved Dollar Thresholds" column reflect the department's current authority for each category/sub-category. The department must make an entry in this column for each category/sub-category. If the department does not have current authority for a category/sub-category(ies), enter "None". Completion of this column will help to ensure that the department requests authority commensurate with its current authority or that the department requests an increase that is relative to its current authority.

1.B3.9 Dollar thresholds requested

The dollar values entered in the "Dollar Thresholds Requested" column reflect the authority for each category/sub-category for which the department is requesting authority. The department must make an entry in this column for each category/sub-category for which it is requesting authority. If the department is not requesting authority for a category/sub-category (ies), enter "None".

The department may enter only the dollar value choices identified in the column titled "Available Dollar Thresholds" or "None". Entry of any other dollar value or multiple dollar values for a specific category/sub-category will result in authority granted commensurate with the "Available Dollar Thresholds" column or as determined by review of the department's complete PAA.

Note: The department should review Section A of this Chapter prior to completing this column to gain a clear understanding of purchasing authority types, categories or sub-categories, and dollar thresholds.

1.B3.10 Request for increased purchasing authority

Departments interested in requesting an increase in competitive purchasing authority may request an increase by:

- Completing the [Purchasing Authority Increase Request Form](#) (PAIR).
- Submitting the PAIR to the PAMS.

Once the PAIR is received by the PAMS, the department may be asked to complete the following:

- Request for One-Time Procurement to Increase Authority, Non-IT Goods
- Request for One-Time Procurement to Increase Purchasing Authority, Information Technology

Departments requesting an increase to the formal competitive dollar thresholds will be required to conduct a single competitive solicitation under PAMS oversight, including submission of specified documentation during the procurement process for PAMS concurrence. Upon successful completion of the single procurement, the department will be granted the general increase in competitive purchasing authority.

It is recommended that the department discuss such a Request with PAMS prior to completing the Request.

See Topic 5 of section A for the applicable Request for One-Time Procurement.

Topic 4 – Part D: Required Attachments

1.B4.0 Introduction This topic describes how to complete Part D of the Purchasing Authority PAA.

1.B4.1 What is the purpose of Part D? The purpose of Part D is to obtain information necessary to evaluate the department's PAA.

1.B4.2 When is Part D submitted? Part D must be submitted when the department is:

- Renewing existing purchasing authority.
- Requesting new purchasing authority.

1.B4.3 PAA Part D Click here to access:
[the Purchasing Authority Application, Part D in Word format](#)
[the Purchasing Authority Application, Part D in PDF format](#)

1.B4.4 Policies and procedures The department must submit current procurement policies and procedures relevant to the type(s), category/sub-category(ies), and dollar levels for which authority is requested. A department must submit its own procurement policies and procedures. It may not submit another department's procurement policies and procedures or a copy of this Manual to fulfill this requirement.

The department's policies and procedures must be included with the department's PAA and identified as Attachment D1.

1.B4.5 Conflict of interest statement The department must indicate whether it uses the sample conflict of interest statement provided in Section A of this chapter or a conflict of interest statement created by the department. If the department does not use the sample conflict of interest statement provided in Section A of this chapter, the department must submit the department's conflict of interest statement with the PAA. The department's conflict of interest statement must reference or include GC section 19990.

Do not submit signed statements with the PAA. Signed statements must be retained by the department and made available upon request by the DGS/PD.

If applicable, the department's conflict of interest statement must be included with the department's PAA and identified as Attachment D2.

**1.B4.6
Audits**

If there has been an audit(s) of the department's procurement and/or contracting program(s) since submission of the department's last PAA, provide copies of the relevant pages of the audit report(s). Relevant pages include the cover page, table of contents, and pertinent pages that relate to the department's procurement and contracting program, including audit findings and departmental responses. For findings that are not documented as resolved, attach a description of the status of actions the department has taken or plans to take to correct the findings.

Reports include, but are not limited to, those prepared by the DGS Office of Audit Services, Bureau of State Audits, and departmental internal audits. A copy of the relevant pages of the audit(s) must be included with the department's PAA and identified as Attachment D3.

**1.B4.7
Reporting**
[\(rev 7/11\)](#)

Review of the department's PAA includes verification of the department's transaction reporting, see Chapter 12. If the department is aware of unreported transactions, the department must submit those transactions with its PAA. A copy of the unreported transactions must be included with the department's PAA and identified as Attachment D4a.

Review of the department's PAA includes verification of the department's Prescription Drugs Purchased Outside of the Prescription Drug Program Quarterly Reporting, see Chapter 12. In accordance with GC section 14977.5 the following departments are required to participate in the DGS/PD prescription drug bulk purchasing program:

- Corrections and Rehabilitation
- Developmental Services
- Mental Health

Any other department may elect to participate in the prescription drug bulk purchasing program.

The unreported Prescription Drugs Purchased Outside of the Prescription Drug Program Quarterly Report(s) must be included with the department's PAA and identified as Attachment D4c.

**1.B4.8
STD.65
alternate
version**

The department must identify whether it uses:

- The State's Purchasing Authority Purchase Order (STD.65)
- An alternate version of the STD.65 approved by the DGS/PD's Forms Coordinator
- An alternate version of the STD.65 and approval to use the alternate version has not been requested from the DGS/PD's Forms Coordinator

If the department uses an alternate version of the STD.65, and the department has not requested approval from the DGS/PD's Forms Coordinator to use the alternate version, even if the department considers it to be an exact replica of the STD.65, the department must submit a copy of the alternate version with its PAA. The department must request new approval of its alternate version if the State's STD.65 is revised. The alternate version of the STD.65 must be included with the department's PAA and identified as Attachment D5.

Note: If the department uses the DGS/PD's PIN system, the department should state that it uses the State's STD.65.

**1.B4.9 The
DGS' Bill
Codes**

The department must submit a list of all the DGS Bill Codes (Customer Account Numbers) the department will charge against under its purchasing authority.

Note: The department must notify PAMS of any changes to this list prior to using additional bill codes under its purchasing authority. The bill code list must be included with the department's PAA and identified as Attachment D6.

Topic 5 – Part E: Required Responses

1.B5.0 Introduction

This topic describes how to complete Part E of the PAA.

1.B5.1 What is the purpose of Part E?

The purpose of Part E is to obtain information necessary to evaluate the department's PAA and to verify that the department is aware of specific purchasing authority requirements.

1.B5.2 When is Part E submitted?

Part E must be submitted when the department is:

- Renewing existing purchasing authority
 - Requesting new purchasing authority
-

1.B5.3 PAA Part E

Click here to access:

[the Purchasing Authority Application, Part E in Word format](#)
[the Purchasing Authority Application, Part E in PDF format](#)

1.B5.4 Responses

The department must provide thorough and complete responses. The responses must be entered into Part E.

The completed Part E must be included with the department's PAA.

Topic 6 – PAA Submission

1.B6.0 When to submit Renewal PAAs must be submitted to and received by the 15th of the month preceding the month the department's purchasing authority expires. Late submission will result in a lapse of the department's purchasing authority. PAAs for new purchasing authority may be submitted at any time. See Section A of this Chapter.

1.B6.1 Where to submit Submit the PAA to:

By IMS:

Z-1

DGS/Procurement Division

Purchasing Authority Management Section

Attn: PAA

707 Third Street, Second Floor South MS 2-208

West Sacramento, CA 95605

By Mail:

DGS/Procurement Division

Purchasing Authority Management Section

Attn: PAA

707 Third Street, Second Floor South MS 2-208

West Sacramento, CA 95605

Hand Delivered:

DGS/Procurement Division

Purchasing Authority Management Section

Attn: PAA

707 Third Street, Second Floor South MS 2-208

West Sacramento, CA 95605

Topic 7 – Approvals

1.B7.0 Approvals

The department will be notified of approval of its PAA prior to expiration of its current purchasing authority if the PAA is submitted on time. The department will be notified of approval of a new PAA or of a PAA to renew its purchasing authority prior to the department's new effective date or renewal date. Incomplete and insufficient PAAs will be returned to the requesting department.

Approval notifications will be electronically mailed to the department's PAC(s), with a copy to the department's PCO. If the department has not designated a PAC, the approval notification will be electronically mailed to the PCO. It is Dept. A's responsibility to notify Dept. B of the approval.

The DGS/PD also notifies the following entities of a PAA approval:

- State Controllers Office
 - The DGS Office of Audit Services
 - The DGS/PD, Acquisitions Branch
 - The DGS/PD, CAL-Card Program
-

Section C

Procurement Policies and Procedures

Overview

Introduction This section is designed to assist department staff involved in developing their department purchasing authority policies and procedures manual.

Unless otherwise stated, the information and samples provided should be viewed as tools that can be used to provide broad guidance in the purchasing authority policy and procedure development process.

This section is not intended to dictate the techniques that should be used since the details of the process should suit the individual department's authority being addressed. The stakeholders affected and the format and style standards established by the department policies, procedures, and business needs.

Contents This section contains the following topics:

Topic	See Page
Topic 1 – Purpose of Department Procurement Policies and Procedures	49
Topic 2 – Characteristics of Good Policies and Procedures	54

Topic 1 – Purpose of Department Procurement Policies and Procedures

**1.C1.0
Statutory
requirement**

PCC sections 10333 and 12100 grants the DGS the authority to delegate purchasing authority to departments based upon certain requirements as discussed in this manual. One critical requirement that best demonstrates a department's understanding of and its ability to manage and maintain a purchasing authority program is to establish and maintain current procurement policies and procedures in sufficient detail to support the department's approved purchasing authority for each type, category/sub-category and dollar threshold authorized by the DGS.

Additionally, departments' purchasing authority policies and procedures must also provide instruction to department users on other related purchasing activities such as receiving goods and service, supplier payment, reporting contractor performance, reporting requirements, and ensuring that departments contracting personnel are free from conflict of interest.

1.C1.1
Purpose

The purpose of a department purchasing authority policy and procedure manual, hereafter, referenced as a procurement manual, is to familiarize department employees (whether a buyer or a department employee involved in an aspect of the department's purchasing activities) with department purchasing practices in a clear, common understanding of goals, benefits and policies as well as what the department expects with regard to performance and conduct. The results provide an overall description of the department's purchasing program.

This manual represents the minimum requirements for departments to obtain and maintain any type of purchasing authority. It addresses the statutes, regulations, policies, procedures, and best practices applicable to all facets of statewide purchasing authority.

Consequently, although a department may use this manual as the foundation or guide in developing their department procurement manual, it does not eliminate or substitute the requirement that the individual departments develop a procurement manual that identifies and communicates to personnel involved in department purchasing activities those policies and procedures that are specific to a department's internal processes.

1.C1.2 Policy vs procedure

A department procurement manual should include both purchasing policies and procedures. The policy section of the manual should discuss the purposes and objectives of the department's purchasing program while the procedure section establishes and describes, using considerable detail, and the internal procedures of the purchasing program.

In simple terms, policy is "what" the department does operationally, and procedures are "how" it intends to carry out that policy.

Definitions

Policy: A written statement that clearly indicates the position and values of the department on a given subject. It contains rules and tells one what to do.

Procedure: A written set of instructions that describe the approved and recommended steps for a particular act or sequence of acts. It tells one how to perform a set of tasks in relationship to the department's policies on conducting business.

Example #1:

Policy: Pursuant to Executive Orders D-37-01 and D-43-01 the Department of Motor Vehicles shall aggressively pursue an annual 25 percent certified Small Business and 3 percent Disabled Veteran business Enterprise participation level in departmental purchasing activities.

Procedure: Buyers will consult the department's Small Business Advocate to assist in locating certified SB or DVBE suppliers prior to preparing any type of solicitation document.

The table below identifies common distinctions between policy and procedures:

Policies	Procedures
Widespread application	Narrow application
Changes less frequently	Prone to change
Usually expressed in broad terms	Often stated in detail
Statements of "what" and/or "why"	Statements of "how", "when", and/or sometime "who"
Answers major issue(s)	Describes in detail the process

**1.C1.3
Benefits**

A department procurement manual serves as a daily desktop manual to identify and instruct personnel on how to properly conduct a purchasing activity in accordance with the department's authorized purchasing authority(ies) type(s), category/sub-category(ies), and dollar thresholds from the initial request through closing of an activity.

The procedure manual may also include procedures for how the department processes purchase requests that exceed the department's purchasing authority but is within the DGS/PD authority.

Example:

A procedure on how to prepare, route for signature, and submit the DGS/PD purchase estimate.

Copies of the department procurement manual should be at the desk of each buyer and made available to all participants in the procurement process.

The table below presents some of the benefits that can be realized when a department develops its own procurement manual:

A department procurement manual provides for	That benefits the department by
Codes, regulations, and requirements	<ul style="list-style-type: none">• Meeting the statutory requirement that departments have written policies and procedures specific to its authorized purchasing authority(ies).• Complying with purchasing authority requirements and ensuring the consistent quality of your department's purchasing activities.

**1.C1.3
Benefits
(continued)**

Accountability	<ul style="list-style-type: none"> • Providing clearly written procurement policies and procedures for both buyers and department customers that are held accountable for adherence to policies and procedures. • Identifying the players in the organization and their role in the procurement process. • Communicating your rules and expectations to participants in the procurement process as it relates to your purchasing authority.
Ease of Access	<ul style="list-style-type: none"> • Providing users with what is important and what isn't important in conducting a purchasing activity. • Eliminating information overflow in establishing a single source for buyers and department users to make informed decisions within the parameters of their department's authorized purchasing authority.
Advantages	<ul style="list-style-type: none"> • Providing further instructions beyond the SCM that specifically address department procurement business practices. • Helping to make staff more effective, efficient, and consistent in managing the challenges of the department's procurement activities. • Providing standardized processes and improve overall workflow efficiency.
Compliance reviews	<ul style="list-style-type: none"> • Describing what to look for when conducting quality assurance reviews and how to evaluate results for compliance. • Supporting purchasing actions that may require clarification for a compliance finding. • Providing instruction on how the official procurement file is set up. • Explaining any exception that is outside of or in addition to the SCM requirements. • Providing a resource for internal audit processes.
Training	<ul style="list-style-type: none"> • Instructing all levels of a department on how to conduct specific purchasing activities as it relates to a department's authorized purchasing authority(ies). • Providing necessary information for new staff.

Topic 2 – Characteristics of Good Policies and Procedures

1. C2.0 Goal The overall goal for any policy or procedure document is for the design to be simple, concise, easy to use, and consistent. There is an unlimited amount of "important" items that could be included in a procurement manual. It is up to each department to determine what is most necessary and relevant for their individual purchasing program.

1.C2.1 Degree of Detail The degree of detail in the procurement manual is dictated by the nature of the individual department's purchasing authority. Although SCM addresses specific policies and procedures, a department's procurement manual should be all encompassing.

Staff responsible for organizing or developing the procurement manual should obtain their department's most current purchasing authority approval document (Part A), review Section A of this chapter to determine what minimum requirements must be included in their department's procurement manual.

Note: The SCM was written from the perspective that the procurement office performs most of the purchasing activity and is the main repository of all documentation impacting its purchasing authority program. If that is not true of your department, it is expected that the department's procurement manual will address in detail any and all exceptions.

1.C2.2 Key features

Key features of the department procurement manual are:

- Title page
- Table of contents for the entire manual
- A table of contents for each section of manual
- Introduction
- Simple numbering system - chapter, section, page, etc.
- Provide for a clear distinction in policies and types of purchasing authorities if the department holds both types of purchasing authority
- Provide information on how updates to the manual will occur
- Set a standard schedule to review and update the procurement manual at a frequency that supports your business processes and coincides with preparing the department's purchasing authority renewal schedule
- Provide information on the availability of the manual
- Create a glossary of terms that may be unique to the department.

Note: Procurement terminology and definitions should be consistent with the Cal-PCA glossary

- Create an acronym list typical to the department terminology
- Include in the procurement manual any applicable forms and instructions that are used or referenced in the procurement manual.

1.C2.3 Good policies

The policy portion of a department's procurement manual should discuss the purposes and objectives of the department's purchasing authority program. The policy section of the manual can take many forms dependent upon the size of the department.

A small department could include most of the significant policies that the department's buyers and users may need within a few pages, whereas a large department may already have an established administrative manual(s) that may include procurement policies. In the latter case, the department has to determine how the applicable information will be made accessible to buyers and users.

Whatever the case may be, procurement manual developers should obtain and review their department format and style standards to ensure compliance with existing department requirements.

Click here to view a [sample policy format](#).

1.C2.4 Good procedures

Good procedures establish and describe internal processes in sufficient detail to answer questions before they're asked. Consider the Who, What, Where, How, and Why of writing theory.

Basically, a procedure section of a procurement manual prescribes all the step-by-step processes of each procurement approach within a given purchasing authority type from the origin of a user request (requisition) to the final conclusion of a project or disposition of an item. This follows a natural sequence of events from requesting an action through any post award activities. Internal procedures not only cover the procurement approach beginning to end but also should include how to maintain ethical relationships with contractors.

A good procedure section should also include topics such as:

- Stating normal lead times for different types of purchases, purchasing authority categories or sub-categories and their respective procurement approaches, and include an emphasis that the lead times must be taken into account in planning for the receipt of goods and services
 - Purchasing entities organizational structure
 - Signature authorization listing, who can sign what and when
 - Required approvals, both internal, and external
 - Certification of availability of funds
 - Approval and payment of invoices
 - Receiving
 - Setting up official procurement files
-

**1.C2.5
Writing style**

Write procedures at a level of detail that is appropriate for the intended users. Procedures should include detailed, step-by-step instructions for completing each purchasing activity phase, and simple enough for a new employee to understand.

The table below identifies some writing characteristics and considerations that should be taken into account when developing and writing procedures.

Writing characteristic	Considerations
Accuracy	<ul style="list-style-type: none"> • Is the data current, complete, correct, and relevant? • Is fact separated from opinion?
Clarity	<ul style="list-style-type: none"> • Documents must be easy to read and understandable. • Do not assume the reader knows something. • What is the most systematic approach to achieve the procedures objectives? • Is it assembled well? • Will personnel misunderstand or misinterpret the procedure? • What are the most common errors made or misunderstandings?
Complete	<ul style="list-style-type: none"> • Has assistance and input been obtained from all sources available? • Will the procedure provide enough information to ensure understanding? If not, what further information is needed?
Concise	<ul style="list-style-type: none"> • What specifically is required? • Be direct and to the point.. • Use active voice. • Use short sentences and simple words. • Check grammar and spelling.
Flowcharts and checklist	<ul style="list-style-type: none"> • Flow charts and checklists can be handy tools to help get information organized. • Assist in providing staff with a quick visual concept to the overall work flow. • Tends to provide a general overview of touch points that a document or process may pass through. • Does not replace a procedure but complements the details of the procedure.

**1.C2.6 Tips
for a useful
manual**

Preparing the department's procurement manual is probably the most time consuming portion of developing a quality purchasing authority program. The design should be determined by the department's needs and organization.

Click here to access a list of [tips for developing a procurement manual](#).

Click here to access [documentation used by PAMS in reviewing department's policies and procedures](#).
