

Chapter 3500 - General

3500 GENERAL

(Revised 9/85)

The Office of Procurement, Department of General Services, is responsible for every purchase of supplies or equipment in excess of \$100 and for contracts for purchases for every State agency with such exception as stated in Public Contract Code Sections 10295, 10298, 10430, and 12100.5. See SAM Section 3571.

The Office of Procurement also has responsibility for materials management on a statewide level. The office is responsible for providing leadership and guidance in all phases of material utilization, including acquisition, storage, distribution, reutilization and disposal. The Office of Procurement will assist agencies in setting appropriate inventory levels for all items warehoused and will also provide guidance in establishing economical freight patterns, in order to minimize costs associated with storage and distribution of goods.

The Office of Procurement will also assist agencies in making determinations relative to the appropriate method of acquisition of their equipment needs. The office will also provide effective means of acquiring equipment whether the acquisition is to be made by purchase or through nonpurchasing techniques (i.e., lease-conditional sales contract).

3501 PURPOSE OF CENTRALIZED PURCHASING

(Revised 9/85)

By concentrating all purchase responsibility in one organization, it is possible to achieve standardization to eliminate duplication of effort, and to lower prices as a result of volume buying. Such organization permits the hiring of people professionally trained in the business of purchasing. The vendors and the general public may thus look to one professional staff for information and for assurance that the State's purchases are being handled properly and economically.

3502 AIMS AND OBJECTIVES

(Revised 9/85)

The aims and objectives of the Office of Procurement, Department of General Services, are:

- To purchase the correct material of the right quality in the proper quantity at the right time from the proper source.
- To conserve public funds through reduction in cost and improvement in the quality of materials purchased.
- To reduce the overhead cost of buying.
- To reduce the volume and streamline the flow of paper work.
- To promote a system of material simplification and standardization throughout the State in order that better materials at minimum cost may be secured for all agencies.
- To improve the speed of delivery to agencies by predetermining through contracts or other appropriate means the sources of supply before an actual need for the particular material in question becomes known.

- To bring the sources of supply as geographically close to the point of use of materials as is consistent with economical purchasing through contracts or other means. In short, to decentralize the sources of supply if decentralization does not command a price premium.
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3503 COMPETITIVE PURCHASING

(Revised 6/06)

The State is committed to a program of active competition in the purchase of personal property. Public Contract Code Section 10318 makes it illegal for any agency or employee to draft or cause to be drafted any specifications in such a manner as to limit the bidding directly or indirectly to any one specific concern, or any specific brand, product, thing, or service. It is the aim and desire of the Procurement Division, Department of General Services, to require that such competition be at all times by responsible suppliers, and the materials bought through such competition be properly suited to the job intended both as to price and quality.

Except for contracts and purchases for non-IT services and/or IT goods and services including telecommunication acquisitions which are processed according to the procedures set forth in SAM Chapter 1200 and SAM Chapter 5200, contracts and purchases in amounts exceeding \$50,000 are normally made by sealed bid procedure. In emergency situations or other special circumstances, statutes may exempt purchases from the bid procedure. Sealed bids are opened and read at a specified time and are maintained on file (Public Contract Code Section 10301).

Where the dollar threshold is \$50,000 and less, or where the competitive field is very limited, the Procurement Division will request informal quotations in lieu of using the more expensive formal method. Informal quotations will also be used to determine if previous prices are still in effect when dollar amounts are relatively small. Procurements valued \$50,000 and less are considered informal and are to be conducted in accordance with the State Contracting Manual, Volume II, Purchasing Authority Manual (PAM) requirements for informal competitive non-IT goods procurements.

When the range of bids received is such that purchase is not in the best interests of the State, all bids will be rejected. When all bids are rejected, all bidders will be advised.

Also, all bids may be rejected when with the consideration of the surrounding circumstances it is determined that it would be in the State's best interest to do so.

3504 PROHIBITED PRACTICES

(New 8/83)

No State officer or employee will personally derive any benefit from use of facilities available to the State for the purchase of equipment, supplies, or commodities. Use of sub-purchase orders or other State purchasing procedures to obtain property for personal use, or misrepresentations to vendors that personal purchases are for the State, for the purpose of obtaining price discounts not allowed on personal purchases, will expose officers or employees to prosecution under Penal Code provisions relating to embezzlement and theft.

3504.2 PURCHASES FROM SHELTERED WORKSHOPS

(New 6/80) 3504.2

The State Office of Procurement, Department of General Services, is authorized to make purchases from rehabilitative or sheltered workshops without seeking competition. The prices paid must, however, be competitive with comparable products offered in the marketplace. State agencies may also make such purchases under \$100 or under their delegated purchase authority levels granted by the Office of Procurement.

3505 PURCHASES FROM PRISON INDUSTRY AUTHORITY

(Revised 5/94)

In preparing purchase estimates, an agency will first consider if its needs can be met by Prison Industry Authority (PIA) commodities and services. Agencies are mandated by California Penal Code 2807 to purchase from and consult with PIA to develop new products and adapt existing products to meet their needs. They shall consult with PIA for commodities and services, or like commodities and services, even though not specified in the PIA catalog.

The Procurement Division, Department of General Services, will examine all submitted purchase estimates to determine whether PIA products would meet all reasonable requirements. If this appears to be the case, the Procurement Division will notify the ordering agency that the items should be purchased from PIA.

The Procurement Division will not purchase these items from commercial vendors without written authorization to do so from PIA. A waiver must be obtained from PIA prior to purchasing items from commercial vendors.

3506 PURCHASING AUTHORITY

(Revised 03/06)

In accordance with Public Contract Code Section 10330, et seq., the statutory authority to purchase for State government, except for competitive purchases valued at \$100 and less for non-information technology (non-IT) goods, is vested with the Director of the Department of General Services (DGS). The Director of DGS also has the statutory authority to delegate its purchasing authority to departments. The Director has delegated this authority to the Procurement Division within DGS. DGS is accountable and responsible for the purchasing authority it grants.

Non-IT purchasing authority includes, though is not necessarily limited to, the following:

- Competitive.
- SB/DVBE Option
- Non-competitive bid
- Exempt
- Prison Industries
- Community-Based Rehabilitation Programs
- Leveraged Procurement Agreements (i.e. CMAS, Master Agreements, Statewide Contracts, State Price Schedules, Cooperative Agreements)
- Interagency purchases
- Federal and local government purchases

The requirements for departments to obtain and maintain purchasing authority is contained in the Purchasing Authority Manual (PAM), Volume II of the State Contracting Manual (SCM). The PAM is available on the Internet at <http://www.dgs.pd.ca.gov/>. Departments are held accountable for the procurement activities conducted under approved purchasing authority.

For IT purchasing authority, see SAM Section 5210.1.

3507 AUTHORIZATION OF AGREEMENTS

(New 9/05)

1. State Departments - Authorized Signatures

- a. Authority to sign purchase documents is limited to those executive officers who either have statutory authority or have been duly authorized in writing by one who has statutory authority.

- b. Anyone who signs a purchase document should have knowledge in the procurement laws, policies and procedures pertaining to the goods or services being procured. If an individual with signature authority does not possess sufficient procurement knowledge and expertise, the individual should, prior to signing, have the purchase document reviewed by someone who possesses such knowledge and expertise.
- c. Delegation of signature authority is a selective process and should be commensurate with experience with principles of sound contracting and procurement policies, demonstrated familiarity with the process of purchase document formation, execution, and administration, and completion of applicable training and/or certifications.
- d. Each executive officer who has statutory authority to sign purchase documents shall ensure that his/her agency maintains a current written record of agency employees authorized to enter into and sign purchase documents on behalf of that agency. This written record shall be subject to DGS audit.
- e. State Board's and Commission's purchase documents in excess of \$5,000 must be accompanied by a copy of the resolution approving the execution of the purchase document, unless by statute the executive officer may sign the purchase document.

2. Local Governmental Entities - Authority

- a. Purchase documents to be signed by a county, city, district, or other local public body must be authorized by a resolution, order, motion or ordinance for the purchase document. A copy of the authorization should be sent to DGS/OLS with the purchase document.
 - b. Where performance by the local governmental entity will be complete prior to any payment by the state a resolution is not needed.
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