Chapter 1
Purchasing Authority

Table of Contents

Purchasing Authority .............................................................................................................. 1

Chapter 1 ............................................................................................................................... 3
Purchasing Authority .............................................................................................................. 3
Overview ................................................................................................................................. 3
Introduction ............................................................................................................................... 3
Contents ................................................................................................................................. 3

Topic 1 – Purchasing Authority Basics .............................................................................. 4
1.1.0 Authority to delegate purchasing authority ................................................................. 4
1.1.1 Program oversight ......................................................................................................... 4
1.1.2 Purchasing authority types ........................................................................................... 4
1.1.3 Purchasing categories ................................................................................................. 5
1.1.4 Dollar thresholds and exempt contracts ....................................................................... 5
1.1.5 Levels of competitive purchasing authority ................................................................. 6
1.1.6 Purchasing authority term ........................................................................................... 7
1.1.7 Must departments have purchasing authority? ............................................................... 7
1.1.8 Departments with purchasing authority ..................................................................... 7
1.1.9 Contact PAMS ............................................................................................................ 7

Topic 2 – Requesting Purchasing Authority ........................................................................ 8
1.2.0 Requesting purchasing authority ................................................................................ 8
1.2.1 Requesting increased authority .................................................................................. 8
1.2.2 Authority to procure for another department .............................................................. 8
1.2.3 Requesting authority to procure for another department ........................................... 8
1.2.4 Conditions for requesting authority to procure for another department ................. 9

Topic 3 – Scope of Purchasing Authority .......................................................................... 10
1.3.0 Categories and dollar thresholds ............................................................................... 10
1.3.1 Incidental services on non-IT goods ........................................................................... 11
1.3.2 Exclusions .................................................................................................................. 11
1.3.3 IT Interagency agreements ......................................................................................... 12
1.3.4 Exceeding purchasing authority thresholds ............................................................... 13
1.3.5 Order splitting ............................................................................................................ 13
1.3.6 Emergency purchases ............................................................................................... 13
1.3.7 CAL-Card usage ....................................................................................................... 14

Topic 4 – Purchasing Authority Requirements ................................................................ 15
1.4.0 Requirements and responsibilities ............................................................................. 15

Topic 5 – Purchasing Authority Roles and Responsibilities ........................................... 19
1.5.0 Roles and responsibilities ........................................................................................... 19
1.5.1 Department obligations ............................................................................................. 22
1.5.2 Rescission or reduction of authority ......................................................................... 22
1.5.3 Ethics and conflicts .................................................................................................... 23
1.5.4 Separation of duties .................................................................................................... 23

Topic 6 – Applying for Purchasing Authority .................................................................... 24
1.6.0 Which types and category(ies) of authority should the department request? .......... 24
1.6.1 When must a department submit an application? ....................................................... 24
1.6.2 Requesting new purchasing authority ....................................................................... 24
Chapter 1 Purchasing Authority

1.6.3 Renewing existing purchasing authority .................................................. 24
1.6.4 Revising existing purchasing authority .................................................... 25
1.6.5 Requesting increased authority ............................................................... 25
1.6.6 Application format ................................................................................. 25
1.6.7 Request for One-Time Procurement format .............................................. 26

Topic 7 – Assigning Purchasing Authority Numbers ........................................... 27
1.7.0 What is the purpose of the purchasing authority number? ....................... 27
1.7.1 How does DGS/PD differentiate between the two types of purchasing authority? ................................................................. 27
1.7.2 Example #1 non-IT PA number .................................................................. 27
1.7.3 Example #2 IT goods and services PA number .......................................... 28
1.7.4 Example #3 non-IT PA number assigned to a location other than a headquarters site .................................................................................. 28
1.7.5 Example #4 non-IT PA number assigned to a department to procure for another department ........................................................................... 28
1.7.6 Example #5 IT PA number assigned to a data center to procure for another department related to data center services ....................................... 29
1.7.7 When is the PA number used? ................................................................. 29

Topic 8 – Purchasing Program Compliance Review ............................................. 30
1.8.0 Purchasing program compliance review .................................................. 30
1.8.1 Purpose .................................................................................................... 30
1.8.2 Scope of reviews .................................................................................... 30
1.8.3 Types of review ...................................................................................... 31
1.8.4 Availability of procurement files and evidence of documentation ............. 31
1.8.5 Consequence of negative findings ......................................................... 32
1.8.6 Compliance review status report ............................................................ 32
1.8.7 Model report ......................................................................................... 32
Overview

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

Contents
This chapter contains the following topics:

<table>
<thead>
<tr>
<th>Topic</th>
<th>See Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topic 1 – Purchasing Authority Basics</td>
<td>4</td>
</tr>
<tr>
<td>Topic 2 – Requesting Purchasing Authority</td>
<td>8</td>
</tr>
<tr>
<td>Topic 3 – Scope of Purchasing Authority</td>
<td>10</td>
</tr>
<tr>
<td>Topic 4 – Purchasing Authority Requirements</td>
<td>15</td>
</tr>
<tr>
<td>Topic 5 – Purchasing Authority Roles and Responsibilities</td>
<td>19</td>
</tr>
<tr>
<td>Topic 6 – Applying for Purchasing Authority</td>
<td>24</td>
</tr>
<tr>
<td>Topic 7 – Assigning Purchasing Authority Numbers</td>
<td>27</td>
</tr>
<tr>
<td>Topic 8 – Purchasing Program Compliance Review</td>
<td>30</td>
</tr>
</tbody>
</table>
Topic 1 – Purchasing Authority Basics

1.1.0 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). 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 and that are in the best interest of the State.

DGS is accountable and responsible for the purchasing authority it grants. The Purchasing Authority Application (application) is designed to provide 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(ies), and dollar thresholds of authority requested.

1.1.1 Program oversight

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

1.1.2 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:

<table>
<thead>
<tr>
<th>If the purchasing authority is for</th>
<th>Then the delegation of the purchasing authority is governed by PCC section(s)</th>
<th>And SAM section(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-information technology (non-IT)</td>
<td>10308, 10320, 10331 through 10333</td>
<td>3506</td>
</tr>
<tr>
<td>Information technology (IT)</td>
<td>12100 et. seq.</td>
<td>5210.1</td>
</tr>
</tbody>
</table>

Continued on next page
1.1.3 Purchasing categories

Once a purchasing type(s) has been selected, a department must then decide what purchasing 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).
- Prison Industries Authority (PIA).
- 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 $99,999.99).
- Leveraged Procurement Agreement (LPA) orders are further sub-categorized into the following procurement approaches:
  - 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)

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.

1.1.4 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.

Continued on next page
## 1.1.5 Levels of competitive purchasing authority

The purchasing authority categories and dollar thresholds available to departments are described in Topic 3 of this chapter. For each category, except competitive, departments may apply for the dollar threshold(s) listed or may elect to not apply for a category(ies). For competitive, the department has the following choices, as well as “None”:

<table>
<thead>
<tr>
<th>Competitive Purchasing Authority Level</th>
<th>Characteristics</th>
</tr>
</thead>
</table>
| Minimum                               | • Lowest dollar threshold of authority available.  
  • Departments that conduct very few, small procurements should request this authority level. |
| Standard                              | • 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 will be required to conduct a single competitive procurement. Refer to Topic 2 “Requesting Purchasing Authority” of this chapter. |
| Formal                                | • 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 chapter. |

Continued on next page
1.1.6 Purchasing authority term

Purchasing authority, regardless of type or category(ies) is granted for a 12-month period. If a department is granted both non-IT and IT purchasing authorities, the purchasing authority terms will run concurrently. The PAMS will conduct a review of a department’s purchasing authority program during a department’s annual renewal process.

1.1.7 Must departments have purchasing authority?

It is not mandatory that departments obtain purchasing authority. Although, 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 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 DGS/PD for purchasing authority.

1.1.8 Departments with purchasing authority

Click here to access a current listing of departments with approved purchasing authority.

1.1.9 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 OR

Click here to access the PAMS contact list.
Topic 2 – Requesting Purchasing Authority

1.2.0 Requesting purchasing authority

Departments must request, revise, and/or renew purchasing authority by completing and submitting to PAMS a Purchasing Authority Application (application). Refer to Topic 6 of this chapter and Chapter 13 for details on the application and its process.

The department granted purchasing authority is responsible and accountable for all procurement activities conducted under its approved purchasing authority, regardless of where the procurement activity occurs.

1.2.1 Requesting increased authority

Departments may request increased competitive purchasing authority as follows:
- Non-IT exceeding $50,000.00
- IT for $500,000.00

To request this increased authority, department must complete one of the following, as applicable to the category of authority requested:
- Request for One-Time Procurement to Increase Authority, Non-IT Goods
- Request for One-Time Procurement to Increase Purchasing Authority Information Technology.

Departments granted this increased authority 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 a general increase in competitive solicitation purchasing authority.

See Topic 6 of this chapter, Chapter 13, Topic 3 and the applicable Request for One-Time Procurement.

1.2.2 Authority to procure for another department

To assist primarily small departments and data center customers with their business needs, DGS/PD will consider applications 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.

1.2.3 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 type(s), category(ies), and dollar thresholds for which the procuring department has been approved. However, a separate purchasing authority number will be assigned to facilitate tracking and DGS oversight.

Continued on next page
1.2.4 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) in accordance with SAM section 5210.1.
  - 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 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 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 types, categories, and dollar thresholds 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. See Topic 6 of this Chapter.

See Topic 6 of this chapter, Chapter 13, Topic 2, and the Purchasing Authority Application, Part B.
1.3.0 Categories and dollar thresholds

The table below illustrates the purchasing authority options available to departments when considering what purchasing type(s), category(ies) 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 PAM 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.

<table>
<thead>
<tr>
<th>Purchasing Authority Category</th>
<th>Non-IT Dollar Thresholds</th>
<th>IT Dollar Thresholds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Competitive Levels:</strong></td>
<td><strong>Goods</strong></td>
<td><strong>Services</strong></td>
</tr>
<tr>
<td>• Minimum level</td>
<td>$4,999.99</td>
<td>OLS oversight</td>
</tr>
<tr>
<td>• Standard level</td>
<td>$50,000.00</td>
<td>Refer to SCM Vol. 1</td>
</tr>
<tr>
<td>• Formal level</td>
<td>Over $50,000.00</td>
<td></td>
</tr>
<tr>
<td>Single Competitive Solicitation</td>
<td>As Authorized</td>
<td>OLS oversight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Refer to SCM Vol. 1</td>
</tr>
<tr>
<td>NCB Contract Approval</td>
<td>$25,000.00</td>
<td>As Authorized</td>
</tr>
<tr>
<td>SB/DVBE Option per GC section</td>
<td>$5,000.01</td>
<td>OLS oversight</td>
</tr>
<tr>
<td>14838.5(a)</td>
<td>Through $99,999.99</td>
<td>Refer to SCM, Vol. 1</td>
</tr>
<tr>
<td><strong>LPA Orders sub-categories:</strong></td>
<td>$100,000.00</td>
<td>$250,000.00</td>
</tr>
<tr>
<td>• CMAS</td>
<td>$50,000.00</td>
<td>$250,000.00</td>
</tr>
<tr>
<td>• Master Agreements, including WSCA</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>• Software License Program</td>
<td>Unlimited</td>
<td>N/A</td>
</tr>
<tr>
<td>• Statewide Contracts</td>
<td>$25,000.00</td>
<td>N/A</td>
</tr>
<tr>
<td>• State Price Schedules</td>
<td>$250,000.00</td>
<td>$25,000.00</td>
</tr>
</tbody>
</table>

Important: If the department requests and is granted purchasing authority for NCB contract approval, the authority is limited to departmental approval of NCB contract justifications. Therefore, any NCB contract that exceeds $25,000.00 must be submitted to DGS/PD for review and approval.

Note: Inter-Agency Agreements (IAA) for IT related services are processed within the approved competitive dollar threshold for IT purchasing authority. IT IAAs that exceed a department’s approved IT purchasing authority must be submitted to DGS/PD for review and approval. IT services provided to departments by the consolidated data center are executed under the data center’s approved IAA authority (DIA). All IT IAAs are executed using the Standard Agreement for IT Goods and Services Only (STD.213).
1.3.1 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.

1.3.2 Exclusions

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

<table>
<thead>
<tr>
<th>Activity</th>
<th>Basis for exclusion:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-IT goods valued at $100.00 or less</td>
<td>Defined in PCC section 10308, departments have statutory authority to purchase non-IT goods valued at $100.00 or less without DGS/PD oversight. <strong>Warning:</strong> 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.</td>
</tr>
<tr>
<td>Non-IT services, other than LPA orders</td>
<td>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. <strong>Note:</strong> Non-IT service LPA’s, i.e. CMAS or MA, are within the scope of purchasing authority authorized by DGS/PD.</td>
</tr>
<tr>
<td>Inter-Agency Agreements (IAA) – Non-IT services</td>
<td>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 DGS/Office of Legal Services (OLS). For assistance, refer to the SCM, Vol. 1. <strong>Note:</strong> IAA for IT services and IAAs for consolidated data center services are processed under IT purchasing authority or DIA authority, respectively. Refer to Topic 3 of this chapter and Chapter 8 for additional information.</td>
</tr>
<tr>
<td>Public Works</td>
<td>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 DGS/Real Estate Services Division (RESD).</td>
</tr>
<tr>
<td>Architectural, engineering and environmental services (A &amp; E)</td>
<td>Defined in GC section 4325 et. seq. and PCC section 6106 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.</td>
</tr>
</tbody>
</table>
1.3.2 Exclusions (continued)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Basis for exclusion:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memberships in professional organizations for represented</td>
<td>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.</td>
</tr>
<tr>
<td>Non-represented employees</td>
<td></td>
</tr>
<tr>
<td>Non-IT departmental memberships in professional organizations</td>
<td>Departmental memberships in professional organizations are considered a personal service.</td>
</tr>
<tr>
<td></td>
<td>• Non-IT departmental memberships valued at $50,000.00 and over must be approved by DGS/Office of Legal Services (OLS). For assistance, refer to the SCM, Vol. 1.</td>
</tr>
<tr>
<td>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 DGS/PD Technology Acquisitions Section (TAS). For assistance, contact TAS.</td>
<td></td>
</tr>
<tr>
<td>Legal services</td>
<td>Services rendered by an attorney must be authorized by the Attorney General’s Office. For assistance, refer to the SCM, Vol. 1.</td>
</tr>
<tr>
<td>Alternative procurements</td>
<td>As described in SAM section 5215, are not delegated. Alternative procurements may only be conducted by DGS/PD/TAS. Requests to use an alternative procurement methodology must be submitted to and approved by the Department of Finance (DOF) and DGS/PD/TAS. For assistance, contact TAS.</td>
</tr>
<tr>
<td>Opportunity purchases</td>
<td>In accordance with PCC section 10321, are not within purchasing authority and are applicable only to District Agricultural Associations (DAA).</td>
</tr>
<tr>
<td>Note:  This exclusion from purchasing authority is only applicable to non-IT goods transactions.</td>
<td></td>
</tr>
</tbody>
</table>

1.3.3 IT Interagency agreements

Executing interagency agreements (IAA) for IT 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 DGS/PD’s Technology Acquisition Section (TAS) 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.
1.3.4 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 or dollar threshold, except in an emergency as defined in PCC sections 10340 and 12102(a)(2).

Any transaction that exceeds or is expected to exceed a department’s purchasing authority, by type, category or dollar threshold, must be submitted to 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 Section (TAS).

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

Note: Contact TAS for instructions on submitting IT service procurement requests.

1.3.5 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 thresholds.

1.3.6 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 – Planning a Purchase Activity – the Preliminaries)
1.3.7 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 PAM 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 qualify to participate in the CAL-Card Program.

[Click here for more information regarding the CAL-Card Purchase Card Program.]
## Topic 4 – Purchasing Authority Requirements

### 1.4.0 Requirements and responsibilities

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

<table>
<thead>
<tr>
<th>The department will</th>
<th>The requirement or responsibility includes</th>
</tr>
</thead>
</table>
| Designate a Procurement and Contracting Officer (PCO) | • Approval for the department’s Purchasing Authority Application.  
• 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 PAM.  
• 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. |
| Establish and maintain written departmental procurement policies and procedures. | • 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 DGS/PD may require. |

Continued on next page
### 1.4.0 Requirements and responsibilities (continued)

<table>
<thead>
<tr>
<th>The department will</th>
<th>The requirement or responsibility includes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish procedures for complying with provisions of the Small Business Procurement and Contract Act (GC section 14835 et seq.) and DVBE participation.</td>
<td>• Direction for meeting the SB and DVBE business participation goals in state procurement as established by DGS/PD in accordance with GC section 14838.</td>
</tr>
</tbody>
</table>
| Establish policies for training personnel (Departmental and Cal-PCA training when available.). | • Purchasing law, regulations, policies, procedures, and best practices.  
• Controlling and reviewing purchasing practices.  
• Auditing purchasing activities.  
• Purchasing authority within the department. |
| Submit procurement reports as required and on a timely basis. | • Annual purchasing authority renewal.  
• Purchasing authority application deficiencies.  
• Monthly procurement activity reporting.  
• Quarterly report on NCB contract activity.  
• Purchasing program compliance review report commitments to resolve findings.  
• Other reports as required by statute or by DGS/PD. (Refer to Chapter 12 – Reporting Requirements) |
| Comply with the non-discrimination requirements of Americans with Disabilities Act (ADA). | • 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. |

*Continued on next page*
1.4.0 Requirements and responsibilities (continued)

<table>
<thead>
<tr>
<th>The department will</th>
<th>The requirement or responsibility includes</th>
</tr>
</thead>
</table>
| 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 DGS/PD all late payment penalties paid by the department each fiscal year. (Refer to Chapter 12 – Reporting Requirements) |
| Designate a department SB advocate, when the department’s contracting activities exceed $100,000.00 annually. | • 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 926.16 or 927. |
| Maintain signed Conflict of Interest (COI) certifications for every staff person involved in the procurement process. | • Staff involved in:  
  ▪ 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. |
| Note: Contracts, includes all purchasing authority related procurement activities and excluded activities identified in Topic 3 of this Chapter. |  |
| Note: A department may use its own certification document such as an incompatible activity statement, ethics statement, COI statement or use the above sample. |  |

Continued on next page
1.4.0 Requirements and responsibilities (continued)

<table>
<thead>
<tr>
<th>The department will</th>
<th>The requirement or responsibility includes</th>
</tr>
</thead>
</table>
| Whenever an acquisition warrants, secure and document any approval required by:  
  • DOF  
  • PIA  
  • DGS/PD  
  • DGS/Telecommunications Division (TD)  
  • DGS/Office of Fleet Administration (OFA)  
  • DGS/OLS  
  • DGS/Office of Records & Information Management (ORIM) as applicable to GC section 14755  
  • Any other required approvals. | • Maintaining evidence in the procurement files of appropriate approvals being obtained prior to conducting a procurement activity or contract execution, as applicable. |
### Topic 5 – Purchasing Authority Roles and Responsibilities

#### 1.5.0 Roles and responsibilities

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

<table>
<thead>
<tr>
<th>If assigned as the Procurement and Contracting Officer (PCO)</th>
<th>Your role is to</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Important:</strong></td>
<td>• Act as the single point of contact for DGS/PD on procurement matters.</td>
</tr>
<tr>
<td>• The designated PCO to fulfill this requirement must be the same person for all purchasing authority held by the department.</td>
<td>• Be responsible for all procurement and contracting within the department except for Public Works, Architectural &amp; Engineering and Real Estate contracts.</td>
</tr>
<tr>
<td>• 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.</td>
<td>• Be responsible and directly accountable for the department’s purchasing authority.</td>
</tr>
<tr>
<td>• PAMS must be notified within 30 days of any change in designation of a PCO.</td>
<td>• Ensure all procurement and contracting activities within the department fully comply with State law, appropriations, regulations, executive orders, policies, procedures, best practices, and the PAM.</td>
</tr>
<tr>
<td>• Notification of changes must be made by completing and submitting Part A of the Application. Refer to Chapter 13, Topics 1 and 2.</td>
<td>• Provide the necessary resources to ensure all staff are properly qualified and trained in all aspects of the procurement process.</td>
</tr>
<tr>
<td>• Failure of the department to promptly notify DGS of a PCO change may result in the department not receiving notification of purchasing authority requirements for which it will be held responsible.</td>
<td>• Review and approve the department’s purchasing authority application(s) prior to submission to DGS/PD.</td>
</tr>
<tr>
<td></td>
<td>• Serve as the department signatory on purchasing program compliance review reports.</td>
</tr>
<tr>
<td></td>
<td>• Serve as the agency officer in accordance with PCC section 10333.</td>
</tr>
</tbody>
</table>

*Continued on next page*
<table>
<thead>
<tr>
<th>If assigned as the</th>
<th>Your role is to</th>
</tr>
</thead>
</table>
| Purchasing Authority Contact (PAC) (formerly the: Delegation Contact) | • Interface and communicate with 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 PAM.  
• Distribute PAM and any PAM 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. |
| **Important:**  
• 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 Application. Refer to Chapter 13, Topics 1 and 2.  
• Failure of the department to promptly notify DGS of a PAC change may result in the department not receiving notification of purchasing authority requirements for which it will be held responsible.  
**Note:** Departments may choose not to designate a PAC. If the department does not, then the PAC role reverts to the PCO. |

| Buyer  
(formerly the procurement and/or contracting staff) | • 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 PAM.  
• Maintain the procurement file and related documentation. |
| Payment Officer | • Ensure timely payment of invoices.  
• Ensure proper internal approvals have been secured prior to processing payment.  
• Adhere to GC section 927 et. seq. |

*Continued on next page*
### 1.5.0 Roles and responsibilities (continued)

<table>
<thead>
<tr>
<th>Role</th>
<th>Your role is to</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SB Business Advocate</strong></td>
<td>• Promote SB and DVBE business contracting participation.</td>
</tr>
<tr>
<td></td>
<td>• Assist purchasing staff in identifying potential small, micro, and DVBE businesses.</td>
</tr>
<tr>
<td></td>
<td>• Make solicitation information available to small, micro and DVBE businesses.</td>
</tr>
<tr>
<td></td>
<td>• Ensure prompt payment to small businesses.</td>
</tr>
<tr>
<td><strong>ADA Coordinator</strong></td>
<td>• Assist and respond to questions or concerns regarding reasonable accommodation needs.</td>
</tr>
<tr>
<td><strong>CAL-Card Coordinator</strong></td>
<td>• Provide written CAL-Card procedures for the department.</td>
</tr>
<tr>
<td></td>
<td>• Ensure compliance with DGS/PD and department CAL-Card procedures and contract terms.</td>
</tr>
<tr>
<td></td>
<td>• Coordinate CAL-Card training.</td>
</tr>
<tr>
<td></td>
<td>• Administer new account reporting and payment processes for CAL-Card.</td>
</tr>
<tr>
<td></td>
<td>• Add, delete and/or alter card restrictions/limits.</td>
</tr>
<tr>
<td></td>
<td>• Review billing reports to monitor payments and disputes.</td>
</tr>
<tr>
<td></td>
<td>• Coordinate procurement and contracting activities that use CAL-Card as the payment mechanism with the PAC.</td>
</tr>
<tr>
<td><strong>Receiving Staff</strong></td>
<td>• Receive or acknowledge deliveries.</td>
</tr>
<tr>
<td></td>
<td>• Inspect goods.</td>
</tr>
<tr>
<td></td>
<td>• Complete stock received reports and ensures notification of stock received information to both the buyer and to the Accounting office.</td>
</tr>
<tr>
<td></td>
<td>• Inventory and control assets.</td>
</tr>
<tr>
<td></td>
<td>• Tag assets.</td>
</tr>
</tbody>
</table>

*Continued on next page*
1.5.1 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 its 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 DGS/PD policies, procedures, and best practices.

1.5.2 Rescission or reduction of authority

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

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

Continued on next page
1.5.3 Ethics and conflicts

Department personnel involved in procurement activities are either directly or indirectly spending public funds and are subject to public scrutiny.

Consequently, 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.

1.5.4 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 6 – Applying for Purchasing Authority

1.6.0 Which types and category(ies) 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 of authority. DGS/PD cannot make this decision for the department. The department must specify the types, category(ies), and dollar threshold(s) for which it is requesting authority. See Topic 2 and Topic 3 of this Chapter and Chapter 13, Topic 3.

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

1.6.1 When must a department submit an application?

A department must complete and submit an Application when it is requesting new purchasing authority, renewing existing purchasing authority or revising existing purchasing authority.

For specific levels of authority as identified in Topics 1 and 3 of this Chapter and Chapter 13, Topic 3 the department must also complete and submit a Request for One-Time Procurement to Increase Purchasing Authority.

Refer to Chapter 13 to access the Purchasing Authority Application and the Request for One-Time Procurement to Increase Purchasing Authority.

1.6.2 Requesting new purchasing authority

Submission of an Application is required for departments requesting new purchasing authority. The Application review and approval processing time is approximately 60 days.

Refer to Topic 1 of this Chapter and Chapter 13 for additional information.

1.6.3 Renewing existing purchasing authority

Submission of an Application is also required for departments renewing existing purchasing authority. The completed renewal application must be submitted to and received by the PAMS between the 1st and 15th of the month preceding the month the department’s purchasing authority expires.

Example:
If the department’s purchasing authority expires September 30, the department’s application must be submitted and received between August 1st and 15th.

Departments will be notified of approval of the purchasing authority renewal prior to expiration of the term of its current purchasing authority.

Warning: A department’s failure to submit a renewal application 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 application and PAMS has completed its review and approval.

Continued on next page
1.6.4 Revising existing purchasing authority

Submission of an Application is also required for departments requesting to revise existing purchasing authority. Although an application to revise existing purchasing authority may be submitted at any time, it is recommended that departments submit revision requests during the department’s annual renewal in order to reduce workload for the department and for DGS/PD.

1.6.5 Requesting increased authority

Departments may request increased authority as described in Topic 2 of this Chapter. The Request for One-Time Procurement should be submitted with the Application. However, if the department has not identified a single solicitation at the time of Application submission, the department will be allowed up to 90 days to submit the Request for One-Time Procurement for Increased Purchasing Authority.

To reduce workload for the department and for DGS/PD, the increased authority should be requested during the department’s purchasing authority renewal as described in Chapter 13, Topic 3.

1.6.6 Application format

The Application consists of 5 parts as follows:

- **Part A** identifies the department, the current purchasing authority numbers, the PCO and PAC.
- **Part B** identifies that one department is requesting 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 types, categories, and dollar thresholds of purchasing authority the department is requesting.
- **Part D** obtains documentation necessary for DGS to evaluate the department’s Application.
- **Part E** obtains information necessary for DGS to evaluate the department’s Application and to verify that the department is aware of specific purchasing authority requirements.

The application is designed to support DGS approval of a department’s Application 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 Application also allows departments to continue to procure as previously authorized.

Continued on next page
1.6.7 Request for One-Time Procurement format

The Request for One-Time Procurement for Increased Purchasing Authority (Request) is available in two formats. One format is to request authority to procure non-IT goods valued greater than $50,000.00. The second format is to request authority to procure IT goods and services valued at up to $500,000.00 or greater than $500,000.00. The Request is designed to support DGS approval of a department’s Request 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.
### Topic 7 – Assigning Purchasing Authority Numbers

#### 1.7.0 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, 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.

#### 1.7.1 How does 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 other location such as a hospital, veterans home, state hospital, etc. It also identifies the department for which procurement activities will be conducted (see Topic 1 of this Chapter).

#### 1.7.2 Example #1 non-IT PA number

Purchasing Authority Number: 9G-0205-DGS-HQ1

Translation: Department of General Services, headquarters location, non-IT purchasing authority, expires February 28, 2005.

**Definition**

- 9 = Purchasing authority
- G = Non-IT purchasing authority type
- 02 = Purchasing authority expires February 28
- 05 = Purchasing authority expires 2005
- DGS = Department of General Services
- HQ1 = Headquarters location

*Continued on next page*
### Topic 7 – Assigning Purchasing Authority Numbers, Continued

#### 1.7.3 Example #2

**IT goods and services PA number**

<table>
<thead>
<tr>
<th>Purchasing Authority Number</th>
<th>9I-0205-DGS-HQ1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Translation:</strong></td>
<td>Department of General Services, headquarters location, IT purchasing authority, expires February 28, 2005.</td>
</tr>
<tr>
<td><strong>Definition:</strong></td>
<td></td>
</tr>
<tr>
<td>9 = Purchasing authority</td>
<td></td>
</tr>
<tr>
<td>I = IT purchasing authority type</td>
<td></td>
</tr>
<tr>
<td>02 = Purchasing authority expires February 28</td>
<td></td>
</tr>
<tr>
<td>05 = Purchasing authority expires 2005</td>
<td></td>
</tr>
<tr>
<td>DGS = Department of General Services</td>
<td></td>
</tr>
<tr>
<td>HQ1 = Headquarters location</td>
<td></td>
</tr>
</tbody>
</table>

#### 1.7.4 Example #3

**non-IT PA number assigned to a location other than a headquarters site**

<table>
<thead>
<tr>
<th>Purchasing Authority Number</th>
<th>9G-0905-DGS-FLT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Translation:</strong></td>
<td>Department of General Services, Office of Fleet Administration, non-IT purchasing authority, expires September 30, 2005.</td>
</tr>
<tr>
<td><strong>Definition:</strong></td>
<td></td>
</tr>
<tr>
<td>9 = Purchasing authority</td>
<td></td>
</tr>
<tr>
<td>G = Non-IT purchasing authority type</td>
<td></td>
</tr>
<tr>
<td>09 = Purchasing authority expires September 30</td>
<td></td>
</tr>
<tr>
<td>05 = Purchasing authority expires 2005</td>
<td></td>
</tr>
<tr>
<td>DGS = Department of General Services</td>
<td></td>
</tr>
<tr>
<td>FLT = Office of Fleet Administration</td>
<td></td>
</tr>
</tbody>
</table>

#### 1.7.5 Example #4

**non-IT PA number assigned to a department to procure for another department**

<table>
<thead>
<tr>
<th>Purchasing Authority Number</th>
<th>9G-0905-DGS-CSC (fictitious number)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Translation:</strong></td>
<td>Department of General Services, non-IT purchasing authority, to procure for the California Science Center, expires September 30, 2005.</td>
</tr>
<tr>
<td><strong>Definition:</strong></td>
<td></td>
</tr>
<tr>
<td>9 = Purchasing authority</td>
<td></td>
</tr>
<tr>
<td>G = Non-IT purchasing authority type</td>
<td></td>
</tr>
<tr>
<td>09 = Purchasing authority expires September 30</td>
<td></td>
</tr>
<tr>
<td>05 = Purchasing authority expires 2005</td>
<td></td>
</tr>
<tr>
<td>DGS = Department of General Services</td>
<td></td>
</tr>
<tr>
<td>CSC = California Science Center</td>
<td></td>
</tr>
</tbody>
</table>

Continued on next page
Topic 7 – Assigning Purchasing Authority Numbers, Continued

1.7.6 Example #5
IT PA number assigned to a data center to procure for another department related to data center services

Purchasing Authority Number
9D-0905-TDC-DGS

Translation: Teale Data Center, IT purchasing authority, to procure for the Department of General Services related to data center services, expires September 30, 2005.

Definition
9 = Purchasing authority
D = IT purchasing authority type
09 = Purchasing authority expires September 30
05 = Purchasing authority expires 2005
TDC = Teale Data Center
DGS = Department of General Services

1.7.7 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 contract numbers required by 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 insure the applicable PA number is entered on the purchase document in accordance with the applicable purchasing authority type.
### 1.8.0 Purchasing Program Compliance Review

A purchasing program compliance review is an assessment of a department’s purchasing activities. The DGS/PD must review a department’s purchasing program at least once every three (3) years. DGS/PD may also conduct a random review of a department’s purchasing program or a particular aspect of a department’s purchasing program more frequently than every three years.

### 1.8.1 Purpose

Purchasing authority compliance reviews assess a department’s ability to:
- Adhere to statutory and regulatory requirements and executive orders.
- Adhere to State purchasing policies and procedures and PAM requirements.
- Employ sound procurement practices.

Compliance reviews also provide DGS/PD with a means to:
- Assess the strength and weaknesses of a department’s purchasing program.
- Provide assistance to a department in maintaining compliance with the purchasing authority requirements and develop a high level of quality purchasing expertise.
- Determine the appropriate level of purchasing authority the department should be granted.

### 1.8.2 Scope of reviews

All activities conducted under a department’s purchasing authority are eligible for review.

Activities within the following areas are reviewed as applicable to a department’s purchasing program:
- Non-IT goods competitive contracts
- Non-IT NCB contracts
- Prison Industry Authority (PIA)
- Community Rehabilitation Program (CRP)
- IT goods and services competitive contracts
- IT goods and services NCB contracts
- LPA orders
  - CMAS
  - Master Agreements, including WSCA
  - Software License Agreements (SLP)
  - Statewide Contracts (SC)
  - State Price Schedules (SPS)
- Transactions using CAL-Card as the payment mechanism
- Receiving stock practices
- Payment practices, including prompt payment

Continued on next page
1.8.3 Types of review

DGS/PD has established two types of compliance review processes:

Scheduled Compliance Review:
- Formal compliance review in accordance with PCC section 10320, 10333(b) and 12101.
- Provides a department with formal written notice of review and date when the review will be conducted.
- Formal entrance and exit conferences with the department.
- Assessment of all transactions, activities, practices and procedures.
- May conduct a follow-up review as necessary.

Random Compliance Review:
- Provides department with at least 72 hours notice.
- Departments are generally selected randomly but may also be selected based on DGS management decision.
- May utilize formal or informal entrance conference, which may be conducted by phone.
- May include a shortened version of a scheduled compliance review and limit the reviewed areas to a specific segment of the department’s purchasing program.

1.8.4 Availability of procurement files and evidence of documentation

Procurement files must include adequate documentation that clearly demonstrates sound business judgment was used in the purchasing process, and that all of the applicable rules designed to protect the interests of the state and taxpayers are strictly applied. Procurement files must be consistent in content and organization in order to track the procurement process and to determine how the award was made. The department is responsible for maintaining evidence in the procurement file that supports all activities related to the procurement and for making procurement files available during a compliance review or at any other time upon request by DGS/PD.

Note: If the department’s purchasing program is decentralized (i.e. divisions, field offices, district offices), DGS/PD may require that procurement files be available in a central location for review.
1.8.5 Consequence of negative findings

If the findings of a compliance review prove to be unsatisfactory, DGS/PD may, at its discretion, impose the following actions (or any combination thereof):

- Require a status report on actions the department has taken to resolve compliance review findings and fulfill the department’s commitments.
- Exercise closer supervision over the department’s purchasing authority.
- Impose additional quality assurance or quality control measures and procedures.
- Reduce, suspend or rescind purchasing authority previously granted.
- Restrict the department’s authority to administer contracts or execute amendments.
- Conduct a follow-up compliance review to verify that findings identified in the scheduled compliance review have been resolved.
- Take other actions determined to be appropriate for the circumstances.

1.8.6 Compliance review status report

Departments are required to take timely corrective action to resolve findings identified during a compliance review. Departments will be required to submit a status report to the PAMS within a specified period of time, generally within approximately 3 months, of the final report date explaining how the department has resolved the findings. To verify that the findings have been resolved, departments should audit its procurement activities to verify the accuracy of its status report responses.

1.8.7 Model report

Click here to access a model compliance review report.