

## Processing a Purchase Order

### 1. PURPOSE

To provide procedures for processing a Purchase Order to be used in conjunction with the District's Board approved Purchasing Procedures.

### 2. SCOPE

This procedure applies to the personnel in the District Purchasing and Warehouse Departments. This procedure also sets the authorized signature thresholds for Purchase Orders.

### 3. OVERVIEW

Peralta's Purchasing Procedures follow the Board approved Purchasing Procedures, including the Public Contract Code, the Education Code, and the laws of the State of California. All bids must be awarded to the lowest responsive, responsible bidder. The District's purchasing activities must pass State audits and other required reviews, and therefore must be conducted in an efficient, systematic, and professional businesslike manner at all times.

### 4. REFERENCES

- 4.1 *Peralta Community College District—Purchasing Procedures*
- 4.2 *Board Policy Section 6.31—Procurement of Supplies, Equipment, Furniture, Construction Repairs, and Maintenance Services*
- 4.3 *PowerPoint Presentation—Overview of Purchasing Policies & Procedures*
- 4.4 *State of California Public Contract Code—Sections 20650-20660*
- 4.5 *State of California Education Code—Part 49 Commencing with Section 81000*
- 4.6 *Business Process Document—Dispatching POs in the PROMT System*
- 4.7 *Business Process Document—Adding Vendors in the PROMT System*
- 4.8 *Procurement Checklist (for formal bids)*

### 5. DEFINITIONS AND ABBREVIATIONS

- A/P – Accounts Payable
- Buyer – District personnel working in the Purchasing Department whose formal job title is “Buyer” or “Assistant Buyer” (Personnel working at the campuses are not Buyers)
- Bid Recap – A Bid Recapitulation is a sheet used to summarize the quotes received by a Requestor.
- ICC – Independent Contractor/Consultant Service Contract. A contract used in lieu of a formal contract for services over \$600.
- PO – Purchase Order
- PROMT – Peralta Real-time Online Management Technologies (PeopleSoft computer system).
- Requestor – District/College personnel authorized to initiate a purchase requisition.

6. AUTHORIZED SIGNATURES FOR POs AND REQUIRED DOCUMENTATION

Only the following personnel (Buyers and Purchasing Management) have the authority to sign on Purchase Orders (POs), providing all the required backup documentation is attached to the back of the PO. **No Buyer is to sign off on any PO without the required backup documentation.**

Purchase Orders	Authorized Signature	Required Backup Documentation
Under \$2,500	Buyer	<ul style="list-style-type: none"> <li>• Verbal or Written Quote (as required by Purchasing Procedure)</li> <li>• Copy of ICC (if applicable)</li> <li>• Copy of the Change Order (if applicable)</li> <li>• Copy of the Measure A Procurement Request Form (only for Measure A items)</li> <li>• Copy of Sole Source Letter (if applicable)</li> <li>• Board Approval (if applicable)</li> </ul>
Between \$2,500 and under \$10,000	Buyer	<ul style="list-style-type: none"> <li>• One Written Quote (as required by Purchasing Procedure)</li> <li>• If you choose to obtain more than one written quote, you must select the vendor with the lowest price quote and complete a Bid Recapitulation Sheet which summarizes the quotes.</li> </ul> <p>All other requirements are the same as above.</p>
Over \$10,000 and up to \$78,900 (or the current bid threshold)	Purchasing Compliance Manager [For <u>Construction POs and Change Orders</u> (that were generated by the Department of General Services), forward them to Vice Chancellor of General Services for signature.]	<ul style="list-style-type: none"> <li>• <b>Three Written Quotes</b> (as required by Purchasing Procedure)</li> <li>• Bid Recapitulation Sheet (signed by College/Department and Buyer)</li> <li>• For purchases over \$25,000 must check both the Federal Debarment Exclude Parties List System at: <a href="https://www.epls.gov/">https://www.epls.gov/</a>, and the State Debarment list at: <a href="http://www.dir.ca.gov/dlse/debar.html">http://www.dir.ca.gov/dlse/debar.html</a></li> </ul> <p>All other requirements are the same as above.</p>

Purchase Orders	Authorized Signature	Required Backup Documentation
Over \$78,900 (or the current bid threshold)	Vice Chancellor of General Services (For POs over \$78,900 that were not generated by the Department of General Services, forward them to the Purchasing Compliance Manager, along with the required backup documentation for him to initial and forward to Vice Chancellor for signature.)	<ul style="list-style-type: none"> <li>• <b>Requires Board Approval</b></li> <li>• Must use the <i>Procurement Checklist</i> to ensure the procurement file properly and completely documents all activities associated with the purchase.</li> </ul> <p>All other requirements are the same as above.</p>

7. BUYER’S ROLE AND PURCHASING’S GOAL

7.1 **Buyer’s Role**

To provide excellent customer service by assisting the Requestor throughout the purchasing process, from requisition to delivery of product. The Buyer is to ensure goods and services are obtained at competitive prices, guaranteed fairness in the selection of vendors, and to minimize opportunities for corruption. There are two categories of purchases that the Buyers will issue POs for. They are Goods and Services, and Public Work Projects. Different rules and dollar thresholds apply to each; however the processing of the PO is the same. Please review the *Peralta Community College District—Purchasing Procedures* for the dollar thresholds and specific bid requirements for each category of purchase.

7.2 **Purchasing’s Goal in Processing POs**

The Goal of the Purchasing Department is to process all POs within ten (10) business days of receipt of the PO. POs which have a valid budget and the proper backup documentation should be processed within three (3) business days of receipt of the PO, and all other POs which do not have proper backup documentation or valid budgets, should be processed within a ten (10) day time period.

8. PROCEDURE (PROCESSING A PO)

8.1 **Overview of the procedures for the issuance of a Purchase Order.**

8.1.1 Prior to the issuance of a PO, the Requestor may contact the Purchasing Department for assistance in finding qualified vendors. The Buyer is to review the District’s Database and the Internet, and provide the Requestor with qualified vendors who can provide the item/service to be purchased. If the Requestor is unable to obtain the required quotes, the Buyer is to solicit the required quotes per the District’s Purchasing Procedure.

8.1.2 Once the Requestor has obtained the required quotes and generated a Purchase Requisition in PROMT, the PROMT system will forward the requisition for approval, and then on to Purchasing for the issuance of a PO.

8.1.3 Upon receipt of a PO in PROMT, the Buyer is to review the PO to determine what required backup documentation is required, and contact the Requestor to request the backup documentation (if the Requestor has not already forwarded it

to the Buyer). If the order is under \$2,500 and does not require backup documentation, the Buyer is to go ahead and process the order within three days of receipt of the PO.

## 8.2 Buyer's Processing of the PO

Before the Buyer processes any PO, the Buyer will need to verify that the proper backup documentation has been forwarded to the Purchasing Department so that it can be attached to the back of the PO. The required backup documentation necessary for each PO is listed in the table in the above AUTHORIZED SIGNATURES FOR POs AND REQUIRED DOCUMENTATION section.

For step-by-step procedures on how to Dispatch a PO in the PROMT system, refer to the *Business Process Document—Dispatching POs in the PROMT System*, listed in the REFERENCES section.

- 8.2.1 The Buyer is to process all POs within 10 days of receiving an approved PO in the PROMT system as follows:
- 8.2.2 Review the quote to make sure the quote received is still valid. (If the quote is over \$2,500, make sure the quote is a written quote). If the quote has expired, the Buyer must contact the vendor to obtain an updated quote. For all quotes over 30 days old, the Buyer should contact the vendor to confirm the quote.
- 8.2.3 For orders that require backup documentation (or have a budget error), the Buyer is to contact the Requestor (or vendor) to obtain the backup documentation, and must make a note in the PROMT system, in the *PO Comment field*, as to what documentation was required, and on what date the information was requested, and from whom. The Buyer is to initial all comments placed in the Comment field. The Buyer then must send an email to the Requestor with a copy to the College Business Manager (or the District Manager) notifying them that the PO cannot be processed as submitted, and request the proper backup documentation, or that they fix the budget error. It is imperative that the Buyer follow-up with the Requestor within 3 days of receipt of the PO, so that the PO can be processed with 10 days of receipt in PROMT.
- 8.2.4 Verify the quote includes the proper Alameda County Sale and Use Taxes, when applicable.
- 8.2.5 Verify the quote matches the PO figures and quantity.
- 8.2.6 Verify any Shipping charges and verify the items are going to be shipped to the District Warehouse. All items should be shipped to the District Warehouse unless special circumstances exist and arrangements have been made with the vendor and the District Warehouse Supervisor. Only hazardous materials (which the District cannot legally transport), live specimens, and extremely heavy items (requiring a large forklift to move) are allowed to be shipped directly to the colleges, with prior coordination with the Warehouse Supervisor. If the item is going to be shipped directly to the campus, the Buyer must notify the Warehouse Supervisor and inform the Requestor that once the items have been received by the campus, the Requestor is to notify the Warehouse Supervisor so that the Warehouse can mark the items as received in the PROMT system.
- 8.2.7 If there are specific shipping deadlines, the Buyer is to confirm shipping dates.

- 8.2.8 Verify the vendor's fax number is correct. This is the number where the PO will be faxed to.
- 8.2.9 **For POs over \$10,000 and under the formal bid threshold**, verify the Bid Recapitulation sheet is attached, three valid quotes are attached, and that the Business Manager at the College or District Manager has signed the Bid Recap sheet. The Buyer is to sign the Bid Recap sheet, to indicate they have reviewed the required quotes and that the quotes are valid.
- 8.2.10 **For purchases over \$25,000** must check both the Federal Debarment Exclude Parties List System at: <https://www.epls.gov/>, and the State Debarment list at: <http://www.dir.ca.gov/dlse/debar.html>. Attach a copy of the debarment verification to the back of the purchase order. If during the debarment checks, the vendor is on the Debarment list, the District will not be able to issue a PO to the vendor, and you must find an alternative source for the product or service.
- 8.2.11 **For POs for an ICC**, verify the ICC is approved by the College President/Vice Chancellor, the Vice Chancellor of Financial Services, and the Chancellor, and verify it is for the current fiscal year. A new ICC is required for each fiscal year for services over \$600. If the ICC is over \$25,000, for general funds purchase, and over \$78,900 (or adjusted annually by the Price Deflation Index), for bond fund purchases, then the ICC will need Board approval. Buyer must verify the Board has approved the ICC before processing the PO. The Buyer must contact the Chancellor's office to get a copy of the Board approval minutes for the ICC and attach it as part of the backup documentation for the PO.
- 8.2.12 **For Measure A POs**, forward the PO in the PROMT system to the Measure A Buyer to process and contact, via email, the Requestor to let them know you have forwarded the PO to the Measure A Buyer. All Measure A equipment purchases will require a Measure A form approved by the Vice Chancellors and the Chancellor before the PO can be processed. The Measure A Buyer will need to verify that the proper documentation exists before the PO can be processed. In addition to the normal documentation needed for a PO, the Measure A Buyer must verify that at least one of the following Measure A approval forms is attached to the PO:
- Instruction Furniture & Equipment Procurement Request Form (to be used by the Colleges)
  - Equipment & Furniture Needs Procurement Request Form (to be used by the District)
  - Construction Project Request Form (for construction projects that were not part of the Short Term project that the Board approved on January 16, 2007)
- 8.2.13 **For Open Account (Blanket) POs**, will require the same documentation as a normal PO. No Open Account PO will be processed for over \$10,000 without the required three quotes. If a Requestor is requesting an Open Account PO for more than \$10,000, the Buyer works with the Requestor to get competitive quotes to substantiate the issuance of an Open Account PO. Some item such as text books and library books are exempt from requiring competitive quotes, and can have Open Account POs issued for greater than \$10,000. See the *Peralta*

*Community College District*—Purchasing Procedures listed in the REFERENCES section, for detail as to which items are exempt from formal competitive quotes.

- 8.2.14 **For POs over \$78,900 (or the current bid threshold) for Goods and Services,** the Buyer will need to verify that a formal bid was conducted for these purchases, and that Board has approved the purchase, prior to processing the PO. The buyer must use the Procurement Checklist to ensure the procurement file properly and completely documents all activities associated with the purchase. The Buyer must contact the Chancellor's office to get a copy of the Board approval minutes for the purchase, and attach it to the backup documentation for the PO.
- 8.2.15 **For Construction POs over \$15,000,** the Buyer will need to verify that a formal bid was conducted for construction services, and that Board has approved this transaction, prior to processing the PO. The Buyer must contact the Chancellor's office (or the Department of General Services) to get a copy of the Board approval minutes for the purchase, and attach it to the backup documentation for the PO.
- 8.2.16 **For Sole Source POs,** the Buyer will need to verify if the purchase is a valid sole source prior to processing the PO. If a particular item is available from only one source, a letter stating that the vendor is the sole source of such goods or services must be obtained and attached to the purchase order. The letter must be specific in describing the goods required, including the name of the product, model numbers, and any other relevant information justifying the sole source purchase. Further, the letter must specify all of the reasons justifying the circumstances and details regarding the basis and nature of why and how the product is sole source and why such product, or a similar product cannot be purchased elsewhere.
- The Buyer is to review the letter and verify that the items are truly a sole source. This will require searching for the items on the internet and talking to the vendor to confirm it truly cannot be purchased from another vendor. Once the Buyer has reviewed the documentation, and done their initial search, the Buyer is to forward all documentation to the Purchasing Manager, who will make the final determination if the items are truly a sole source. If the items are truly a sole source, the Purchasing Manager will approve the sole source letter by signing "approved" on the letter. The Buyer can then process the PO.
- 8.2.17 **For Change Order POs,** the Buyer must obtain a Request for Change Order Form from the requestor (or the department) and attach it as backup documentation before processing the PO. No verbal change orders are allowed. The Change Order Form should clearly state the nature of the change requested and which line items are affected. Once the Buyer receives the Request for Change Order, the Buyer must immediately contact the vendor to notify them of the change and make every effort to minimize and change or cancellation charges.
- 8.2.18 The Buyer is to sign and date all POs within their signing authority and forward the PO and all the required backup documentation to the Purchasing Staff Assistant. For POs above the Buyers signing authority, the Buyer is to forward it

to the appropriate purchasing management listed in the AUTHORIZED SIGNATURE FOR POs AND REQUIRED DOCUMENTATION section.

**8.3 Purchasing Staff Assistant's Role**

- 8.3.1 If the vendor is not already in the PROMT system, the Staff Assistant is to email/fax a vendor application and W-9 form to the vendor, and setup the vendor in the system. See *Business Process Document—Adding Vendors in the PROMT System* for step-by-step procedure on how to enter a vendor in the PROMT system.
- 8.3.2 Upon receipt of the PO and the backup documentation for the Buyer, the Purchasing Staff Assistant will review the Bid Recap sheet (if attached) for the fax number to fax the PO to, and attach a cover sheet (if the Buyer has not already done so) and fax out the PO. If no fax number was provided, the Staff Assistant is to check the PROMT system for the fax number on file, and verify with the vendor the fax number is still valid, and fax out the PO with a coversheet.
- 8.3.3 File the PO and all backup documents in the central file in the Purchasing Department.
- 8.3.4 Forward any invoices received to Accounts Payable.

**8.4 Warehouse's Role**

- 8.4.1 Verify receipt of the products against the PO.
- 8.4.2 Notify the vendor, enduser and the Buyer of damage/short shipment.
- 8.4.3 Process the receiving transaction in PROMT.
- 8.4.4 Deliver the items to the Campuses and the District.

**9. ATTACHMENTS**

None.