

ALLAN HANCOCK JOINT
COMMUNITY COLLEGE DISTRICT

BUSINESS SERVICES

PURCHASING AND CONTRACT GUIDE



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BUSINESS SERVICES OFFICE PURCHASING AND CONTRACT GUIDE

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TABLE OF CONTENTS

Purchasing of Supplies, Equipment and Services.....	1
Purchasing and Bidding Thresholds/Requirements	2
Open Purchase Order Guidelines	3
Advance Payment to Vendors.....	4
Contract, Bid and Quotation Guidelines	5
Guidelines for Independent Contractor.....	8
Appendices	9

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
BUSINESS SERVICES OFFICE PURCHASING AND CONTRACT GUIDE

PURCHASING OF SUPPLIES, EQUIPMENT AND SERVICES

The procurement function is one of the major business responsibilities of the Board of Trustees, who retains sole authority and responsibility for all purchase contracts of the District except as delegated by official action of the Board. This responsibility is delegated to the Business Services office.

The Board of Trustees must approve all purchases in the name of the District. The procedure for obtaining such approval is the issuance of a purchase order in the name of the District signed by a board-authorized representative. A purchase order is the agreement, which is used to place an order, including contracts, and orders derived from oral or written quotations.

The appropriate procedure for requesting authorization to purchase goods or services is through the use of a **purchase requisition** properly completed in the financial management system Banner. The required information is as follows:

- Vendor's name and address via the accurate vendor number.
- Description of item(s) including description, model or part number, quantity, cost, size, color, etc. The first 26 characters remain as history for PO reports and fixed assets. For fixed assets make sure you describe what the product actually is.
- Fund, org, account and program code(s) to which the goods or services will be charged.
- Public Comment: for faxing/emailing an order, identifying a confirming order, or for noting open purchase orders.
- Attention to location for where the product will be delivered. The attention to line will show above the delivery address and will be the name of the person, building and room number for where the product is to be delivered/used or stored.
- The requisition workflow will include the responsible parties per department and/or follow the dollar thresholds set up for individuals by the Associate Superintendent/Vice President, Administrative Services office.

This online approval process ends with the purchase order being printed and distributed to the vendor. The only orders the requestor places are online with Office Depot and Amazon.

Note: individuals placing orders with vendors that are not authorized in accordance with this procedure could be personally responsible for any costs incurred.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
BUSINESS SERVICES OFFICE PURCHASING AND CONTRACT GUIDE

PURCHASING AND BIDDING THRESHOLDS AND REQUIREMENTS

Purchasing materials, supplies, requesting services or work to be done are subject to dollar thresholds in which the college requires either verbal or written quotations. All supply purchases for the least cost to the district will be approved, in addition to the most generic office supplies. All unrestricted fund purchases for materials over \$10,000 with a single vendor require a total of three competitive quotes. If needed, the purchasing agent can provide some assistance with obtaining quotes. Quotes must be attached to the purchase request. If no additional quotes can be obtained, a justification memo needs to be attached to the purchase request directed to the Business Services office explaining the reason quotes could not be obtained.

Purchases made using restricted funds must still comply with the quote threshold established under the grant or categorical program. In most cases, the threshold amount is \$5,000.

The Business Services office may obtain additional quotes for purchases under the thresholds, if in the best interest of the District.

The purchase thresholds and requirements as of January 1, 2022 are as follows:

The Business Services office shall implement formal bidding requirements for Public Works projects and Equipment, when items being purchased exceed the dollar limitations as set forth by the education and public contract codes. The current bid threshold is \$99,100. Always confirm with the purchasing agent on the bid threshold as they change annually. In addition, all bids for services, work to be done, or a combination, are necessary for amounts exceeding \$15,000. Contact the purchasing agent as far ahead in advance of the needed delivery date, as the bidding process requires a considerable amount of time. All advertising requirements shall be strictly adhered to, paid by the department, and all bids shall be presented to the Board of Trustees for acceptance or rejection. Bid and performance bonds shall be included in each bid unless waived by the Vice President of Administrative Services.

Public Contract Code Sections 20111. 20651

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
BUSINESS SERVICES OFFICE PURCHASING AND CONTRACT GUIDE

OPEN PURCHASE ORDER GUIDELINES

Open purchase orders are a convenience for departments who consistently order services or operating supplies from a particular vendor. An open purchase order is valid for a time period, such as July 1, 20xx through May 31, 20xx. With an open purchase order in place, authorized staff can make purchases without the necessity of completing a purchase requisition for each individual purchase. The description line should include what supply or service is being purchased, the date range as well as the authorized staff to use the open PO.

INVOICES FROM VENDORS (utilizing an open purchase order)

Vendors will issue an invoice to the authorized staff member or by mailing an invoice to accounts payable utilizing an open purchase order. The District requires the following information on each invoice that is charged to an open purchase order.

1. Open purchase order number
2. Item(s) purchased, price extended, totaled, including sales tax.
3. List of those items received at the time material is picked up or shipped
4. Receipt of the dollar amount in Banner, and the packing slip forwarded to accounts payable.

Back orders should be invoiced on a separate invoice at the time they are delivered or picked up.

Employees will be directly responsible for any unauthorized purchase. The purchaser understands any purchase over the authorized amount may not be approved and, therefore may not be paid by the District.

UNAUTHORIZED PURCHASES

All purchases that are to be charged to the District must be preceded with an approved purchase requisition and a purchase order issued by the Business Services office to the vendor. No merchandise or services may be received without a purchase order.

For emergency purchases, departments should contact the Business Services office to expedite the order through the District procedures.

The District will not be responsible for payment of any merchandise or service that is not ordered on an approved district purchase order. Purchases in violation of the above are considered personal purchases and may be charged to the individual making the purchase.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
BUSINESS SERVICES OFFICE PURCHASING AND CONTRACT GUIDE

ADVANCE PAYMENT TO VENDORS PROCEDURE

Occasionally there is a need to purchase items from vendors who require payment in advance or will not accept a purchase order. In this situation, you must request a check in advance for payment.

Follow the steps listed below:

1. Obtain an exact price quote from the vendor. A proforma invoice is the best method but a quote with "No PO's Accepted" or "Pay in Advance" is acceptable.
2. Create a purchase requisition to include the following:
 - a) Quote/proforma invoice and documentation supporting the necessity of the advance payment.
 - b) Include 'Prepay' in the Public Comments portion of the purchase requisition.
 - c) Include a Request for Commercial Warrant or Revolving Cash Fund check form (download from the Business Services portal page), and attach to the requisition.
3. Once fully approved in workflow, accounting will arrange for the check/payment.

Please plan ahead for your purchases and utilize the regular purchase procedures. These guidelines are only to be used for those occasions where vendors will not accept purchase orders.

VENDOR DELIVERIES

Vendor deliveries should be made directly to the Shipping & Receiving department to be signed for and recorded.

Upon receipt of materials, the Shipping & Receiving department will look up the order to determine where it should be delivered. If it is a fixed asset (equipment over \$5000) it will be received in, serial number recorded, and assigned a fixed asset tag, which is applied for inventory purposes. Computers go the IT Services department for set up before delivery to the end user. Laptops/notebooks are engraved with the AHC logo before distribution to end user. Orders delivered directly to the department have to be received in Banner before payment can be made. It is the responsibility of the person who created the purchase requisition to receive the product in Banner.

The Shipping & Receiving department makes daily deliveries to each department. If a fixed asset is delivered direct to the location by a vendor, the purchasing agent must be notified so proper process coordination with Shipping & Receiving can be followed for receipt and tagging.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
BUSINESS SERVICES OFFICE PURCHASING AND CONTRACT GUIDE

CONTRACTS. BIDS AND QUOTES: GUIDELINES AND PROCEDURES

Contracts are required for all service, maintenance and rental agreements. Only a board authorized representative may sign contracts or agreements. Do not sign any proposal or agreement submitted by vendors. Individuals risk incurring a personal liability and invalidating the contract when entering into a contract without signature by an official approved by the Board of Trustees. See appendix A for a list of authorized district personnel approved by the Board of Trustees to act as District agents.

Contracts are initiated at the department level. The contract should be reviewed and approved by the appropriate vice president for consistency with the program and to ensure procedures are in place to carry out the terms of the agreement. If there are risk-management and/or facility issues within the contract, it should be reviewed with the Associate Superintendent/Vice President, Administrative Services.

Once the above steps have occurred, forward the contract to the Business Services office. Contracts are evaluated for fiscal review; conformities with education code or district policies and insurance requirements to meet the standards set forth by the Self Insurance Joint Powers Authority. When necessary, insurance certificates, bonds, and other legal documents may be required before any work can be started. The contract is upgraded to meet these requirements if necessary. The vendor/contractor is contacted to discuss any changes deemed necessary. The contract is then amended to incorporate changes.

The vendor signs first when the college generates the contract. If a second party generates the contract, the college signs first. A board item will be completed, if appropriate, with department input if necessary.

Once approved, the purchase requisition is created and the executed contract attached for workflow approval. The original goes to the vendor and the department keeps a copy for their files. Please do not attach a non-executed contract or agreement to the purchase requisition.

Local Provisions

Continuing contracts shall not exceed three years for materials or supplies to be furnished or sold to the District.

Continuing contracts shall not exceed five years for work to be done, services to be performed, and for equipment to be furnished, sold, built, installed or repaired.

Formal bids for Public Works projects or any equipment to be furnished must be obtained if the amount exceeds \$200,000. In addition, all bids for projects that are services, labor, or a combination, are necessary for amounts exceeding \$15,000. (PCC 20111, 20651).

Contracts may not be split or separated into smaller work orders to avoid the limits for competitive bidding (PCC 20.116, 20657).

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
BUSINESS SERVICES OFFICE PURCHASING AND CONTRACT GUIDE

Informal Quotations

Three quotes should be obtained to secure the most favorable prices when competitive bidding is not required. Quotes may be obtained by telephone or by referring to current price lists or catalogs. See page 2 for purchasing thresholds (PCC 20111, 20651).

Request a written or verbal quote for purchases under the bid threshold dollar limit, but over \$10,000. The request for quote should set forth standards and special conditions under which the acquisition is to be made. The Business Services office can be contacted for assistance when written quotes are deemed appropriate. Quotes need to be current before attaching to the purchase requisition, or it will be rejected for you to request a new quote from the vendor.

Formal Bids for Contracts

Items in excess of the dollar limits previously indicated in this section must be purchased from vendors who participate in the competitive bid process. Construction bids and contracts must be executed through the Facilities & Operations office and/or the Business Services office (PCC 20111,20651).

The Business Services office shall implement formal bidding requirements. Contact the purchasing agent as far ahead of the needed delivery date as possible as the bidding process requires a considerable amount of time. All advertising requirements shall be strictly adhered to and paid for by the department. Formal bids must be received by the date, time and place designated in the Notice to Bidders. The bid form must be completed without altering the format. The bidder or authorized agent, if a corporation, must sign the proposal to validate it. Bid and performance bonds shall be included in each bid unless waived by the terms & conditions of the contract agreement.

The bids will be opened publicly and read aloud. All bids shall be presented to the Board of Trustees for acceptance or rejection. The Board of Trustee's decision to award the bid or reject all bids will be announced at a designated date and time.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
BUSINESS SERVICES OFFICE PURCHASING AND CONTRACT GUIDE

Business Services Office

GUIDELINES FOR INDEPENDENT CONTRACTOR

An Independent Contractor Agreement (ICA) is a contractual arrangement between the District and independent individuals referred to as "independent contractors or consultants. A district employee cannot be engaged as an independent contractor. Restrictions are imposed by the Internal Revenue Service and employers are subject to severe penalties. This means that a district employee, whether working on a full-time, part-time, hourly, or substitute basis, cannot be hired as an independent contractor.

Preparing the ICA

The agreement must show the name of the person providing the service, social security number, the nature of the service, inclusive dates, rate of payment and budget code. District officials authorized to sign an ICA are the Superintendent/President or the Vice President, Administrative Services; or the Director, Business Services. The object code cited in the budget code must be 511XXX. The agreement must also be signed by the contractor. The original is kept in the Business Services office and a copy is returned to the department.

Once the ICA is fully executed, the purchase requisition can be created. Attach the contract to the PR for workflow approval.

Payment for Services

When the contractor has performed the services satisfactorily, the appropriate administrator should initial the invoice provided by the contractor and forward to the Business Services office for payment processing.

If the agreement requires a service to be performed over an extended period of time, the contractor should invoice on a monthly basis. If the service is performed over a short period of time (e.g. 3-day workshop), the contractor should invoice immediately after the service is completed.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
BUSINESS SERVICES OFFICE PURCHASING AND CONTRACT GUIDE

Appendix A

AUTHORIZED SIGNATURES

DISTRICT PERSONNEL APPROVED BY THE BOARD TO ACT AS DISTRICT AGENTS

As per Education Code Section 81655 for community colleges, the governing board delegates authority to the district personnel listed below to act as agents on behalf of the board of trustees. Provided are the titles of personnel who may authorize contracts.

President, Board of Trustees

Superintendent/President

Associate Superintendent/Vice President, Finance and Administration

Director, Business Services

Director, Facilities (up to \$50,000)